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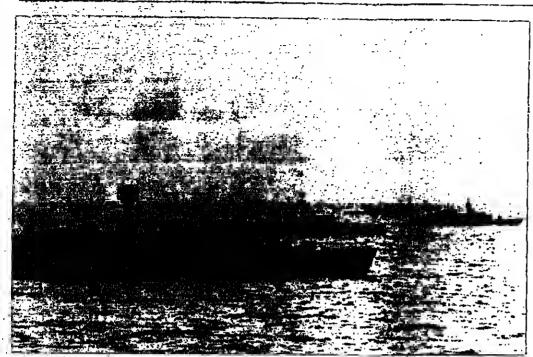
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A British destroyer and three frigates, part of a task force of 40 ships, sail toward the Falklands. The picture of the ships, which were not identified for security reasons, was made last week.



Alexander M. Haig Jr., the U.S. secretary of state, right, and Foreign Minister Nicanor Costa Mendez of Argentina in Buenos Aires before a new round of talks on the Falkland Islands crisis.

# Haig Said to Offer Plan Featuring Moratorium on Sovereignty Issue

From Agency Displaced:

Argentina's foreign minister, Ni- to the Falklands while Argentine LONDON — U.S. Secretary of canor Costa Mendez, said Sunday: forces were withdrawn and the posing a five-point peace plan for the Falkland Islands that calls for Argentina and Britain to hold their dispute over the chain's sovereignin abeyance for five years, after which the islanders would decide the issue British Independent Television reported Sunday.

The TTV program "Weekend World" said that it had obtained details of the Haig plan from "sources close to U.S. President Reagan in Washington."

Mr. Haig was in Buenos Aires talking with members of Argenti-na's military junta in hopes of av-

erting war over the islands, seized by Argentina on April 2 after 149 years of British rule.

ress yet. We are making every effort to preserve peace and ensure that Argentina affirms its free and sovereign position."

The British television program said the government of Prime Minister Margaret Thatcher appeared to be favorably disposed toward Mr. Haig's plan, but it said there was "considerable doubt" that the Argentines would find it accept-able. A spokeswoman for the prime minister refused to discuss

the ITV report. "Weekend World" said that these are the main points of the

Both sides would agree to "re-serve" their claims of sovereignty

British fleet was recalled An interim period, which

could last up to five years, would take effect during which negotiations on sovereignty would be carried out.

 During the interim period, the archipelago would be administered multinationally.

• The interim administration

would be run by Britain, Argenti-na, the United States and six other countries, including Canada, two narious from Latin America, two

from Europe, and one from Asia.

• At the end of the interim period, the Falkland Islanders would ide their future.

In Washington, The Washington (Continued on Page 2, Col. 5)







# Haig Silent On Talk of **Falklands** Deadlock

From Agency Dispatches
BUENOS AIRES — U.S. Secreary of State Alexander M. Haig Jr. said Sunday he was pressing ahead with talks with Argentine officials over the Falkland Islands crisis, and he refused to comment on reports that attempts to avert war between Brian and Argentina were virtually deadlocked. His statements came amid grow-

ing concern here after the release of a telegram from Lt. Gen. Leo-poldo Galtieri, Argentina's presi-dent, to Pope John Paul II de-manding that Britain show more flexibility in resolving the crisis. Gen. Galtieri declared that Argentina would not be humiliated "by any demand dictated by wounded

Argentine troops took over the islands 400 miles (640 kilometers) off the Argentine coast on April 2 after 149 years of British rule.

"We are continuing to work on the problem with all the seriousness that the situation demands, Mr. Haig said Sunday marning as he left for church services before resuming talks with Argentine offi-

He told reporters it would serve no purpose to comment on reports

Banks leading a \$200-million loan for Argentina's electricity utility agree to a 30-day delay. Page 13.

in Argentine newspapers that talks were at a standstill over Argentina's refusal to give up even tempo-

rary control over the Islands.

Mr. Haig was in his third day of talks with Argentine officials in the latest leg of a peace mission that has carried him to Buenos Aires twice and to London twice. Mr. Haig said he had "been in touch" with President Reagan on

the situation. He did not say if be bad been in contact with Prime Minister Margaret Thateher of

U.S. officials said Saturday evening that the talks remained open-ended and that it had not been determined when Mr. Haig would leave Buenos Aires or whether he nicge aobaoJ of Og Divov

In a weekend marked hy an atmosphere of tension and confusion, reports here first indicated that the U.S. effort to peacefully end Argentina's occupation of the islands had stalled, then, as the talks were unexpectedly extended, they turned to cautious hope.

### Sovereignty Issue

The chief obstacle to a solution in the two-week crisis - and the reported cause for the near breakdown in talks - was the issue of Argentina's elaim of sovereignty over the South Atlantie archipelago and bow it would be recognized in a settlement, officials indicated.

Sources here have said Argentina was willing to withdraw the troops that invaded the islands if the approaching British war fleet turned back and arrangements were made for a temporary admin-istration of the islands while negotiations proceeded.

However, Argentina has insisted that its flag continue to fly on the islands as implicit recognition by Britain of Argentine sovereignty. Britain has refused to accept this.

Reports bere Saturday morning indicated that Mr. Haig formally proposed, and the Argentines rejected, a tripartite administration of the islands involving British, U.S. and Argentine officials. That proposal, which officials here refused to confirm, reportedly was turned down in part because it did not address the sovereignty issue. Members of the Argentine junta

(Continued on Page 2, Col. 3)



Prime Minister Pierre Elliott Trudeau signed the proclamation of the Constitution Act giving Canada control of its constitution in Ottawa as Queen Elizabeth and Canadian officials looked on.

# Canada Gets Its Own Constitution But Quebec Boycotts the Ceremony

By Henry Giniger New York Times Service

MONTREAL - Queen Elizabeth II, in a ceremony in Ottawa that was marred by rain and what called "the regretted absence" Quebec, formally transferred constitutional power from Britain to Canada Saturday.

A crowd of 25,000 cheered her proclamation of the Constitution Act. It replaces the British North America Act of 1867 that brought into being the Canadian con-federation. This act becomes a purely Canadian document and starting Sunday Canada bad the

sole power to amend it. However, the government of French-speaking Quebec has con-demned the act because it restricts the province's powers to protect its culture. While the premiers of the nine English-speaking provinces celebrated the constitution in Ottawa and had lunch with the queen, Premier René Lévesque led thousands of protesting marchers in Montreal and upheld independence as Quebec's only recourse.

"Henceforth we are no longer madians but Ouebecers." Bernard Landry, Quebec minister of economic development, told the protesters.

But, as queen of Canada, Elizabeth refused to separate Quehec from the rest of the country. In fluent French, she said in her address that "despite the regretted absence of the premier of Quebec, it is only just to associate Quebecers with this celebration of renewal because without them Canada would not be what it is today." But she added, "Differences persist. They always will." Canada bas been formally inde-

### Iran Said to Hold Prelate's Relatives

LONDON — Iranian security forces are said to have arrested two relatives of Ayatollah Kazem Shariatmadari, the country's second most senior spiritual leader and an opponent of Ayatollah Ruhollah nomeini, in the second raid on his bouse this week. Exiled members of Ayatollah

Shariatmadari's family in Hamburg said Saturday his son-in-law Ahmad Abbasi and another sonin-law named Emami were arrested in Qum last week. Both are thought to be still in custody. The ayatollah's Islamic school

and publishing house were said to have been seized. The avaiollah, who is reported to be unwell, has been virtually confined to his home for more than two years.

bid to start the process of separa-tion from Canada. io amend the constitution remained in London because the "One has only to look at the reprovinces and the federal governsults of the referendum to realize ment could not agree on an amending procedure. Last fall, a

The British Parliament approved the move several weeks ago The queen, who flew to Ottawa Thursday, arrived on Parliament Hill Saturday morning in a horsedrawn landau with Prince Philip. Sbe was greeted by a flourish of

compromise was finally reached

on an amending process and on the addition of a bill of rights, but

ebec refused to subscribe to it.

trumpets, a 21-gun salute and the roar of jets overhead. Pointedly, Prime Minister Pierre Elliott Trudeau made most of his opening remarks in French, addressing himself to his fellow Quebecers even more than to the largely English-speaking crowd before him. He reminded Mr. Lévesque that in a referendum two years ago Quebec's voters had rejected his

the strong attachment 10 Canada of the people of Quebec," Mr. Trudeau said. He added that "nothing essential to the originality of Que-bec has been sacrificed" and emphasized the importance for all Canadians of wanting to live to-"It is true," he said, "that our

will to live together has sometimes appeared to be in deep hiberna-

Despite the rain, the queen strolled through the grounds after the ceremony, stopping to chat with people in the crowd before going to lunch with the members of her Privy Council for Canada, a largely honorary group. All the premiers except Mr. Levesque accepted an invitation to join the council.

The queen left Canada on Sun-

# **Brezhnev Proposes** A Summit In the Fall

By John F. Burns

New York Times Service

MOSCOW — Tass has quoted
Leonid 1. Brezhnev as rejecting President Reagan's suggestion that they meet during a United Nations disarmament conference in New York in June and proposing in-stead that they plan a summit con-ference in a third country in the

According to the Tass report Saturday, Mr. Brezhnev reaffirmed remarks he made to the Communist Party Congress 15 months ago about the "usefulness of an active dialogue with the United States on all levels," and the "decisive im-portance" of Soviet-American summit meetings, and added: "We are in favor of such meetings now,

However, he was quoted as saying that Mr. Reagan had left "rather a vague impression" with his suggestion that Mr. Brezhnev attend the UN conference and have what Mr. Reagan described

as "a talk." Mr. Reagan made the suggestion during a discussion with reporters April 5 in which he confirmed that he would address the disarmament

### Third Country

Tass quoted Mr. Brezhnev as saying: "It is understandable that a meeting between the president of the United States and myself must be well-prepared and held in a solid way, not incidentally in connec-tion with this or that international forum. To be specific, we are in favor of such a Soviet-American summit meeting that would be in keeping with the lofty responsibility of our states for world affairs and would justify the hopes pinned

He added: "I would say the fol-lowing considering the time and place of our possible meeting with President Ronald Reagan. The (Continued on Page 2, Col. 6)

meeting should be held in some

# Russia Set First Grain Talks Since Army Crackdown in Poland

By Bernard Gwertzman New York Times Service

WASHINGTON - Under pressure from the farming community. the Reagan administration bas agreed to bold talks with the Soviet Union on grain trade, the first since the imposition of martial law in Poland last December.

The announcement of the meeting to take place in Paris on May 21 and 22 was made Friday by Sen. Robert J. Dole of Kansas and Sen. Roger W. Jepsen of Iowa, both Republicans. They said this was "a vital and necessary step toward restoring normal grain trade relations between the two countries and in strengthening United States farm prices."

Administration officials took a less dramatic view of the Paris meeting. They said that under the current Soviet-U.S. grain supply agreement that is due to expire on Sept. 30, the two sides are supposed to hold twice-a-year consultations on the grain situation in the two countries. "This is a routine meeting," one

official said. But in the minds of Sen. Dole and Sen. Jepsen, the Paris session has more symbolic importance, because they claim that the administration had been delaying the meeting because of the continuance of marrial law in Poland. In retaliation for alleged Soviet

began last Dec. 13 in Poland, the Reagan administration announced a series of economie sanctions, ineluding suspension of talks then going on for a new long-term grain supply agreement with the Russians to replace the one that expires in the fall. The talks that are to be held in Paris will not be a resumption of

the negotiations that were suspended, U.S. officials said. However, the senators through their spokesmen said that the Paris meeting was a step in the direction of longer-term sales.

### Carter Ruling

Under the current agreement, the Soviet Union is permitted to buy up to 23 million metric tons of grain by Sept. 30, but so far it has only ordered 13.8 million metric tons. With large surpluses in the farm belt, and gloom about the fu-ture pervasive in the region, mem-bers of Congress from those states have been active in trying to solicit statements from the administration that there never will be another grain embargo against the Soviet Union. In 1980, in retaliation for the in-

tervention by Soviet troops in Afghanistan, President Jimmy Carter barred grain sales to the Soviet Union in excess of the 8 million tons to which the United States

was committed by the agreement. This meant cancellation of million tons in possible orders.

President Reugan, who campaigned against the grain embargo, lifted it last spring over the objec-tion of the State Department, and subsequently the Russians were permitted a one-year extension in the five-year agreement, which was supposed to expire last Sept. 30. The Russians were also told they could buy up to the 23-million-ton

Sen. Dole and Sen. Jepsen said that they met with Ambassador Anatoli F. Dobrynin of the Soviet Union on March 19 to discuss grain sales. In their statement, they said it was elear that these regularly scheduled consultative meetings were necessary to both sides to make sure that we bave put embargoes, threats of embargoes, and psychological embargoes behind

"Let this be a sign that the United States has returned to its status as a reliable trading partner and that the Soviet Union has welcomed its role as a vigorous trading partner," the statement said,

Mr. Reagan, when he imposed sanctions last Dec. 29, did not embargo grain sales, but the administration has kept that option open in case the situation in

# 7 Journalists Held in Argentina On Charges of Spying on Aircraft faced prison terms of 11 to 30 Ushuaia and their case would be

From Agency Disputches
COMODORO RIVADAVIA, Argentina — Authorities in this southern Argentine city have ar-rested four members of a Canadian Broadcasting Corp; news crew and charged them with espionage for allegedly photographing planes taking off from a military airport. Three British journalists have also been arrested on espionage charges for allegedly watching aircraft movements in the Argentine sector southernmost city. of Tierra del Fuego.

Military authorities said the members of the Canadian television crew were arrested Saturday and charged with hreaking the military government's espionage laws. But a source said they were not considered to be secret agents.

"We know they're not spies, but they were compromising military security," a military spokesman

The four were identified as Samuel S. Hillman, 34, of Chicago; John R. Axelson, 30, and David R. Wilson, 42, both of Canada, and Ricardo H. Rivarola of Buenos Aires, a translator and Argentine citizen. A court source said they being held incommunicado in fare.

The three British journalists ar-rested Thursday in Tierra del Fuego were Simon Winchester, 39, a reporter for The Sunday Times of London: Ian Mather, 46, a reporter for The Observer, a Londonhased Sunday newspaper; and Anthony Prime, a photographer for The Observer. They were arrested near Ushuaia, which is Argentina's Falkland Islands.

obtain information not permitand military authorities termed them "presumed spies."
The British Broadcasting Corp.
quoted Rear Adm. Horacio Zaratiegue, a commander in Argentina's southern region, as saying one of the journalists had used binoculars to monitor aircraft movements at a naval air hase while another the takeover of the islands and

noted the details. Sunday Times' foreign manager, said that the three had been arrested while pursuing normal journal- seven were detained because they

istic activities. He called the spying reportedly were trying to incite charge "ridiculous." reportedly were trying to incite some of the island's 1,800 English-

heard in court on Monday.

The Sunday Times and The Observer said they were sending three senior journalists to Argentina to try to secure their release. Comodoro Rivadavia, where the Canadian Broadeasting Corp. team was arrested, is the headquar-

ters of an airlift hy which Argenti-

They were accused of trying to almost 100 foreign and Argentine journalists who came to Comodoro Rivadavia because it is the closest major city to the scene of a possible offshore confrontation between British and Argentine

Also on Saturday, the military released the last seven British marines who were captured during flew them to Uruguay for repairiain London, James Adams, The tion, All other British servicemen Mr. Adams said the men were speaking residents to guerrilla war-

# INSIDE

### **Madrid Explosion**

Gunmen helieved to be Basque guerrillas blew up a key Madrid telephone exchange, disrupting communications, Page 5.

### Limited A-War

The United States government "was not adequately sensitive" last year to the effect that its discussion of limited nuclear war was having on European public opinion, a Senate committee reported. Page 5.

### Nicaragua Talks

Despite Nicaragua's acceptance of a U.S. call for negotiations, the Reagan administration is reported to be stalling the start of talks. Page 3.

# **TOMORROW**

Bonn Technology The first of a two-part supplement on West German technology will appear Tuesday.

# Mubarak Again Affirms Commitment to Treaty

By David B. Ottaway Washington Post Service

CAIRO — A U.S. deputy secre-tary of state, Walter J. Stoessel Jr., left Egypt for Israel Sunday with fresb assurances from President Hosni Mubarak of his "firm adherence" to the Camp David peace accords after the Israeli withdrawal from the Sinai April 25.

But Egyptian officials also let it be known that Egypt was not willing to sign a new formal agreement, or addendum to the treaty. promising to respect the letter and spirit of the accords as the Israelis are reportedly asking.
The Israeli demand and complaints of alleged Egyptian viola-

tions of the treaty, as well as an unresolved border dispute, have created concern in Cairo that Israel was seeking a pretext to delay its withdrawal. But after two days of listening to Egyptian views on the Israeli complaints, Mr. Stoessel said he re-

would take place on time. In Sinai, meanwhile, tensions rose Sunday in the town of Yamit after Israeli officials announced that the eviction of the last settlers

mained confident the withdrawal

would begin Monday, Several hundred opponents of the withdrawal have vowed to resist expulsion. The northern Sinai will be declared a closed military zone after the evacuation, the officials said. Some of the two dozen support-

League, headed by Rahbi Meir Kahane, elaimed that they would commit suicide if Israeli security forces attempted to remove them. Speaking from behind a locked door of a bomh shelter, members of the league said they were awaiting the return of Rahhi Kahane from New York before going ahead with their suicide plan. They

which order they would die. Before leaving Cairo, Mr. Stoes-sel said President Mubarak had assured him of Egypt's "firm adherence to the Camp David accords as the only existing basis and framework on which to proceed in the search for a just, lasting and comprehensive peace in the area."

Mr. Mubarek sent a letter to

Prime Minister Menachem Begin last week making a similar pledge and reaffirming Egypt's intention (Continued on Page 2, Col. 5)



Israeli soldiers at Yamit in the Sinai remove a man protesting the scheduled return of the region to Egypt. The soldiers were called in after members of anti-withdrawal movement tried to stop workers from dismantling a water pipeline in the town.

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# British Seem to Lack Firepower Required For Falklands Assault

Washington Post Service

BUENOS AIRES - It is simple enough to write a scenario for the recapture of the Falkland Islands by Britain.

Great ships of the line lay offshore bombarding Argentine positions. Landing craft and amphibious tractors form up at a line of departure and head off in waves for the beach.

and fire rockets at the shoreline until the instant the Royal Marines storm ashore. Within a few days the Union Jack flies again over the port at Stanley. There are many white crosses, but a great victory has been won.

This, of course, is an old scenario for island fighting in the Pacific in World War II.

The era for that kind of amphibious assault is entirely over." a U.S. Marine colonel said. "The naval gunfire it requires no longer ex-ists, not even in the U.S. Navy."

The British fleet steaming south toward the Falklands is poorly equipped to provide covering fire for a landing, according to reports from London. It includes five destroyers and nine frigates, a small force by World War II standards.

There are other serious hazards to a frontal assault. In virtually every Pacific landing in World War II, the U.S. Navy had com-plete air superiority. That is not

The British are bringing two aircraft carriers with 40 vertical-take-off Harrier planes and 40 to 50 helicopters. Argentina has about 250 combat aircraft, including 113 fighters and interceptors and 23 helicopter gunships, U.S. sources

advantage in the air against this force, partly because the Harriers have a range of only 100 miles when fully loaded, military sources say. The Argentines can reach the Falklands from at least five major mainland air bases.

Another problem facing the British is the ground-force ratio. The rule of thumb in World War II

### Notre Dame Cathedral Is Hit by 2 More Fires

PARIS -- Two fires caused slight damage Sunday in Notre Dame cathedral, Last Monday, a fire destroyed a storage area in the

Sunday afternoon, a drapery in the nave was found burning, and about 30 minutes later, a trash fire was discovered in a small chapel nearby. Both were quickly extin-guished. The cause of the fires was not immediately determined.

ing force required a manpower advantage of three or four to one, but British invaders would most likely be outnumbered in the Falklands.

The British force of Marines and commandos is reported to number no more than 5,000 or 6,000. Argenting has put 7,500 to 10,000 troops on the island with food for 60 days and ammunition for 20 days of combat. C-130 transports British fighter bombers strafe bring in oew stocks daily, newspaper reports say,

Tanks are unsuited for the terrain. A British journalist who visited the island more than a year ago wrote: "It is inhospitable country, peat bog and fell dotted with place names which suggest its bleakness: Tumble Down Mountain, Mount Misery, Bluff Cove, No Man's Land.

Crossing 20 miles of it by Land Rover will take six hours on a good day. The peat collapses, wheels go up to their axles in mud and bog water, jacks and planks are produced, passengers are in-structed to heave. It happens every mile or so.

Anti-Aircraft Guns

Argentine anti-aircraft batteries have been spotted in recent days around the airstrip at Stanley where interceptors reportedly are based. The strip is not an ideal operational field. A U.S. official said that wheo Argentina's army chief of staff, Maj. Gen. Jose Vaquero, landed on the island in a Fokker F-28 last week, the crosswinds

flipped the plane on its back. The winds reach 80 knots at this time of the year, creating 30- to 40-foot seas, another impediment to an amphibious assault.

There are two imponderables about the Argentine defenses. The level of fortification is one. The Pacific landings of World War II were made terribly costly by the strength and ingenuity of the Japa-nese defenses — intricate cave and unnel systems, bunkers and pillboxes, and artillery and mortar batteries aimed at potential land-ing beaches. There is no evidence the Argentines have attempted Argentines have attempted

nything so ambitious, The other imponderable is the staying power of the Argentine troops. They are led by professional officers and noncommissioned officers, but the ordinary soldier is a draftee serving only eight to 14 months. The educational level of the draftees is said by Argentine

officers to be very low.
"The real preoccupation of the army," an officer said, "is with internal subversion. We don't think mueb in terms of conventional war. We have no history of war-fare, whereas the British history is



British Marines crouch on the flight deck of the carrier Hermes during a training exercise while en route to the Falkland Islands.

# Normal Phone Used In Taped Reagan Call

By Paul Taylor and George C. Wilson

WASHINGTON — A telephone conversation about the Falkland Islands crisis April 9 between President Reagan and Secretary of State Alexander M. Haig Jr, was intercepted because neither man chose to use a scrambler tele-phone, according to administra-

A transcript of the three-and-aalf-minute conversation between the two was published Friday by the columnist Jack Anderson, who was given a tape by a source he bas declined to identify.

The conversation, which took

place as Mr. Halg was flying from London to Buenos Aires and Mr. Reagan was on a working vacation in Barbados, briefly reviewed Mr. Haig's efforts at shuttle diplomacy between Britain and Argentina but involved nothing of a top-secret

Not Unusual

Government communications pecialists said that it is not unusufor the president or a Cabinet secretary to talk over open lines, especially if the connection is between two remote spots.

Another administration source that you met in your meetings goes said that both men were advised out beyond the Parliament to the before the conversation that they were not using a secure line, and both agreed that it was not neces-

# Haig Presses **Negotiations**

(Continued from Page 1) ioined the talks Saturday, but Mr.

joined the talks Saturday, but Mr. Haig said Sunday be would not apply any significance to this. The bulk of earlier negotiations were with Foreign Minister Nicanor Costa Mendez and other civilian

Gen. Galtieri and the two other members of the junta, Adm. Isaac Anaya and Gen. Basilio Lami Dozo. met Saturday with Mr.

Haig.
A well-informed Argentine political commentator quoted Mr.
Haig as telling them he had been pained by newspaper reports sug-gesting doubts about his partiality. Adra. Anaya was quoted as tell-ing Mr. Haig: "We think this is

Correct."
The government on Saturday released an exchange of telegrams between Pope John Paul and Gen. Galtieri. The pope expressed con-cern that diplomatic efforts to re-solve the dispute appeared headed

Gen. Galtieri said that Argentina was willing to make further ef-forts 10 find peace but that it would "not be humiliated by any demand dictated by wounded pride and least of all if it is backed by the arrogant use of force." British submarines bave been under orders to sink Argentine

Ceausescu in North Korea

official visit to North Korea, the North Korean news agency reported Sunday.

over a high-frequency connection that would be easy for amateur radio operators to intercept.

Joseph Spear, an associate of Mr. Anderson, said that after the columnist received the tape, one of his reporters spoke with the Secret

Service as part of the effort to establish its authenticity,

Mr. Spear said the reporter was informed that the Secret Service was "totally aware" of the problem of such intercepts. A Secret Service spokesman denied that account d denied knowing anything about the Reagan-Haig intercept, Transcript and Tape

Mr. Anderson said his source

provided him with a transcript of a conversation and a tape. He said he believes they are of two separate conversations because the transcript includes comments from both men, while on the tape Mr Haig's responses are inaudible be-cause of interference or static. Here is a transcript of the taped

conversation: Mr. Reagan: "Al, hello Al I'm glad the British fleet doesn't move that fast. You must have been in the air for about 12 bours now and [pause]. There's going to be an uphill struggle. Did you get any idea as to whether the emotion

people as well? Over," Mr. Haig: (Ten-secood pause.) Mr. Reagan: "It sounded as if there was not much acceptance of The specialist speculated that Mr. Haig and Mr. Reagan talked

Mr. Haig and Mr. Reagan talked the multinational presence here.

Are there any variants of that you think she might go for? Over." think she might go for? Over."

Mr. Haig: (Thirteen-secood Mr. Reagan: "Oh, that sounds good. Incidentally, that submarine of theirs, ah, do you think it's apt to go ahead with retribution and sink anything within the 200 miles and would that be enough to vindicate the 200 miles.

cate them? Over." Mr. Haig: (Fourteen-second

Mr. Reagan: "Oh, that's good. Well, I won't ask you to speculate on any next steps because I know you haven't talked yet there in Buenos Aires. But, in those talks, if it's helpful at all, why, don't hold back on making me the had guy and insisting on restraint if thet's necessary. Over."

Mr. Haig: (Ninetecn-second Mr. Reagan: "OK. Well, I know

it's a tough one and an uphill fight.
Just let us know if there's anything
at this end that we can do to be of help. And, ah, good luck. [Pause] Over."

Mr. Haig: (Eight-second response.)

Mr. Reagan: "Just did today.

[Pause] Had a good swim in this
coean that you're looking down
on. And it was wonderful. Well,
OK, I'll make it over and out then, or [unless] you've got something else. OK, good luck."

### 9 Killed in Ambushes By Philippine Rebels

The Associated Press

MANILA — Communist guerrilas fired on two military trucks and a government patrol, killing eight soldiers and a civilian and wounding 17 other persons, mili-tary reports said Sunday.

No rebel casualdes were report-TOKYO — President Nicolae the New People's Army, the mili-Ceausescu of Romania has arrived in Pyongyang from China for an mist Party of the Philippines. The attacks occurred in Quezon and Camarines Norte provinces, southeast of Manila.



# CHANGE OF ADDRESS

c/o l. C. D.

### Last year Argentina's grain and oilseed exports to the Soviet Union almost doubled, reaching 15.7 million tons, or nearly 77 percent of the country's crop exports. The Soviet Union has been ea-

As Britain and the other mem-

bers of the Common Market were

moving to ban Argentine imports because of the Falklands takeover,

the Soviet Union and Argentina signed agreements establishing two

mixed companies for fishing in

On April 6 the two countries

Argentine Officials Warn Crisis Is Pushing

**Buenos Aires Into Closer Ties With Moscow** 

troubled by Argentina's interna tional isolation over its seizure of the Falkland Islands, officials here have started warning in private ger to redress a trade balance that that the confrontation with Britain runs heavily in Argentina's favor. is offering the Soviet Union an op-Argentine exports to the Soviet Union totaled \$3.4 billion last portunity to extend its already considerable influence on Argenyear, while imports of Soviet heavy machinery and other goods came to \$67 million.

U.S. and Western European dip-lomats say they are being told by high-ranking Argentine officers and civilian officials that Argentina may be forced into closer ties with the Soviet Union, which is already its leading trading partner. The message is also being

By James M. Markham

New York Times Service

BUENOS AIRES - Apparently

transmitted to foreign journalists. An officer who deals regularly with the press said that the only one "gaining from all of this is the Soviet Union, and the big loser is the United States."

Exploiting the situation, the So-viet Union has moved toward Argentina in the dispute, supporting its claim to the Falklands against what Pravda has called British "gunboat diplomacy," Pravda has called the U.S. secretary of state. Alexander M. Haig Jr., who has been trying to find a basis for negoulations, "a messenger for Brit-ish colonialists." Other Soviet commentary has criticized the European Economic Community's ban on imports from Argentina.

Cuba and Argentina have also taken steps toward improving their relations after a long estrangement over Central American issues.

Emilio Aragones Navarro, the Cuban ambassador, reappeared in Buenos Aires after a protracted absence and said at a news confer-ence that he felt his country should show Argentina its support at this moment

Argentina, which has systemati-cally cultivated Third World na-tions and described the Falklands issue as one of "decolonization," swiftly reciprocated, sending its ambassador, Rafael Vazquez, back to Havana on Monday. Argentina's rightist military regime is one of the few South American govern-ments to maintain active diplomatic ties with Cuba.

A similar pragmatism, cutting across ideological differences, has characterized the rapidly growing trade between the Soviet Union and Argentina. The Argentines refused to follow the Carter administration's grain embargo im-posed on the Soviet Union after its intervention in Afghanistan in

Pravda a conversation instead of

For more than two weeks. Mos-

# Haig Plan Reportedly Offers Moratorium on Sovereignty

(Continued from Page 1) Post, quoting informed sources, said that Argentina has presented Mr. Haig with a proposal that skirts the formal issue Of SOVET eignty over the islands but gives Argentina the key administrative role in ruling them.

The paper said that the United States has not endorsed the new proposal. A State Department

## Cairo Affirms Commitment

(Continued from Page 1) of continuing the Palestinian au-tonomy talks and process of nor-malizing relations with Israel after April 25.

But Foreign Minister Kamal Hassan Ali was reported by the semiofficial Al Ahram newspaper Sunday to have told Mr. Stoessel that Egypt felt there was no reason for another formal document to recommit Egypt to the Camp David

accords and peace treaty.

He was also said to have rejected an Israeli demand for an Egyptian commitment not to deal with the Palestine Liberation Organization, pointing out there was al-ready a PLO office in Cairo with which the government has long

had dealings. Mr. Stoessel indicated Sunday that his negotiations between Egypt and Israel would "proba-bly" continue into next week with continue into next week with more talks back here after his meeting in Tel Aviv with Mr. Be-

Privately, U.S. officials said Mr. Stoessel was committed to staying in the area as long as necessary to assure that final stages of the withdrawal proceeded smoothly.

The Egyptians bave forwarded to the Israelis their views on how arbitration should proceed over demarcation of the border around Taba on the Gulf of Acaba and the administration of the disputed quarter-square-mile of land while this is being done.

Egypt wants n freeze on Israeli activity within the disputed area, where a hotel and tourist complex are being built. At one point, Defense Minister

Ariel Sharon of Israel was threatening to delay the pullout from the Sinai unless the Taba issue was resolved. But it seems both sides now realize the best that can be accomplished is to agree on procedures for arbitrating the dispute after the withdrawal.

On another issue, the alleged Egyptian violations of the treaty regarding troop levels in the sem-demilitarized Sinai, the U.S. Field Mission charged with checking compliance with the terms handed in a report Sunday to both sides on its findings.

U.S. officials refused to say what the report concluded, but an Egyptian official was quoted by the official press agency Sunday as saying it contained "confirmation" that Egypt "has oot violated the spokesman declined to comment on any aspect of the continuing

The proposal, reportedly signed y Mr. Costa Mendez and delivered to Mr. Haig last week, is un-derstood to call for Britain and Ar-gentina to withdraw their forces from the region during a two-week

The proposal reportedly does not directly address the sovereign-ty issue and does not even mention the word "sovereignty." But it does call for the Argentine flag to fly over the islands and would pro-vide de facto Argentine sovereign-

The British fleet sailed for the Falklands on April 5, and it was widely believed and reported that the fleet would arrive in the region of the Falklands early next week. British officials privately gave similar estimates.

Informed American sources now estimate, bowever, that the Royal Navy will not be near the Falk-lands until April 28 at the earliest,

But he also added that the slow but deliberate speed also keeps up the psychological pressure on Ar-gentina.

There are also what a number of officials called "rumors" that Washington has asked the British government to slow the pace of its armada to provide more time for negotiations. But these officials stress that this information has not been confirmed.

Mrs. Thatcher consulted with

Cabinet colleagues by telephone Sunday as anxiety mounted over the continuing deadlock in peace negotiations, The New York Times reported from London.

According to aides, Mrs. Thatcher has not talked with Mr. Haig since be left London last Tuesday, but she is monitoring the situation through the British Em-

from its Easter recess, and the prime minister can expect to face demands for a detailed report on Mr. Haig's negotiations. But if they are still alive, she may well refuse on the ground that untimely disclosures could reduce chances of success. Her office said that a statement on Tuesday appeared more likely, The Times reported.

quers, the country retreat of Britisb prime ministers, and returned to Loudon for talks with Foreign Secretary Francis Pym, Defense Secretary John Nott and Home Secretary William Whitelaw.

### Jet Tips on Wing in Texas The Associated Press

AUSTIN, Texas — A Continen-tal Airlines Boeing 727 with 72 persons aboard tipped onto a wing as it touched down Saturday at Mueller Municipal Airport be-cause its left landing gear had collapsed. No injuries were reported.

Soviet Union is to supply Argentina with enriched uranium for its Atucha I nuclear power station near Buenos Aires. The United States, which had furnished Argentina with enriched uranium, has

refused to sign the 1968 treaty to prevent the spread of nuclear Fear of Spread

halted exports because the junta

There has been concern in Buenos Aires that if a war developed between Britain and Argentina, it would quickly spread. This con-cern has been heightened by reports that two Soviet submarines are in the South Atlantic and by persistent reports in diplomatic circles that the Russians are giving the Argentines satellite-gathered intelligence on the movements of the British naval force that is steaming toward the Falklands.

A Western ambassador said the Russians "have become almost naturally involved in this affair." He said he thought there was "a risk that the Russians could get involved" if war broke out.

Argentine diplomats were disappointed the Soviet Union did not use its veto in the UN Security Council on April 3 when a resolution was adopted calling for Argentina to withdraw from the Falklands and for London and Buenos Aires to negocate. The Russians abstained.

But in view of their recent state-ments of support, the Russians are now expected here to take a more overtly pro-Argentine position if

# Brezhnev Proposes Summit Talks in Fall

stroke" spasm.

cow has been rife with reports that he had been bospitalized after suf-fering what was variously de-scribed as a stroke or a "pre-

The Foreign Ministry and a

ago claimed that Mr. Brezhnev was

southern Argentina.

third country, say in Finland or Switzerland, naturally with the preliminary consent of a corresponding government. The autumn of this year, for instance, October, could be a suitable time for the

team of prominent doctors who held a news conference three days meeting, to my mind.
Mr. Brezhnev's remarks came in taking a regular break from his Kremlin duties. But they did not say that be had not been in the wbat Tass described as a "conversation" about a possible meeting with Mr. Reagan that Mr. Bre-zhnev had with a correspondent of

More Uncertainty

The timing of the Tass story and the fact that it did not name the Pravda correspondent or say when the conversation took place sug-gested that one of the purposes in releasing it may have been to quasb rumors here that Mr. Brezhnev had died Thursday or Friday while recuperating from an old heart problem.

Rumors about Mr. Brezhnev's health bave rarely been as wide-spread or emanated from as many different sources as in recent days. The Kremlin may have decided to offer evidence that the 75-year-old leader was still alive and shore up his authority at bome.

By calling the discussion with an interview and by omitting to say when or where the conversation took place. Tass contributed somewhat to the uncertainty that has surrounded Mr. Brezhnev's whereabouts and bealth since his

return from a trip to Soviet Cen-tral Asia on March 25,

message of congratulations on Syria's national day that was signed by Mr. Brezhnev. But the message failed to halt the rumors, some of which came from Russians who do not normally speak

Namibian Rebels Say

Offensive Has Begun JOHANNESBURG - Nationalist guerrillas said Sunday that an attack against defense forces in South-West Africa (Namibia) last

week was the start of a general of-fensive, it was reported here. The South African Broadcasting Corp. monitored the statement by the South-West Africa Peoples Organization from Luanda, Angola. SWAPO killed six defense force soldiers Thursday in an ambusb in northeastern Namibia, and another South African soldier was killed

Friday by a land mine in the re-

gion, defense officials said.

with foreign reporters about such

U.S. Studying Proposal

WASHINGTON (NYT) - The White House said Saturday that it would study Mr. Brezhnev's proposal for a summit meeting in the fall, but it said President Reagan still hoped Mr. Brezhnev would come to New York in June for an

initial get-together.

Mr. Brezhnev's remarks were regarded here as a sign that the Soviet leadership wanted to halt pressure building up behind Mr. Reagan's original suggestion for a hospital, and on Friday morning a fresh round of rumors circulated saying that the Soviet leader had died during the night. Later on Friday, Tass printed a

Moreover, some experts said the Brezhnev proposal might have been planned to counter speculation that Mr. Brezhnev was too ill to carry on his duties. The administration, which had no advance indication of Mr. Brezhnev's proposal, moved quickly to indicate that it did not regard Mr.

Brezhnev's apparent rejection of the June meeting as the final word on the subject.

"We will, of course, study President Brezhnev's remarks carefully," a White House statement said.

"In the meantime, Presideot Reagan remains bopeful that President Brezhnev will come to the United Nations this June and meet

in part because of Mr. Bre-zhney's health, the Russians are believed to prefer formal summit meetings in which there is a mini-mum of spontaneity and a maxi-mum of set agreements and other documents to sign.

# **WORLD NEWS BRIEFS**

The Associated Press BEIRUT — Mediators have announced a four-point plan designed to end six days of street battles between rival Moslem militias that have left 79 dead and 194 wounded in Beirut and southern Lebanon, Lebanon's

The fighting pitted the Shiite Moslem Amal militia against leftist Moslems of the National Movement. The combatants met with Lebanese, Syrian and Palestinian leaders for six bours to reach a cease-fire accord Saturday. By evening a firm cease-fire was in place, the radio

The peace plan calls for dismantling military positions and withdraw-Damascus to work out a broader political solution under the auspices of

west Beirut, officials said. He was not wounded seriously. The embassy would not release his name, but police sources identified him as Freder-

PEKING — A Chinese man seeking to emigrate jumped over a wall of the U.S. Embassy and met with American officials before voluntarily surrendering to Chinese authorities, an embassy spokesman said. The embassy declined to release the identity of the man. A Chinese government spokesman did not bave any immediate information on the incident. An embassy spokesman said the man climbed over the wall

The Associated Press MOSCOW - Soviet police stopped bundreds of people from attending Russian Easter services Sunday, but thousands of others flocked to cemeteries to decorate family graves with bread and roses and painted

The Orthodox Easter falls a week later than that of the Roman Catholic and Protestant faiths. It has endured as a Soviet tradition despite

# Pope Prays for Bologna Blast Victims

BOLOGNA — Pope John Paul II prayed Sunday at the Bologna train station for the victims of a 1980 terrorist bombing that killed 85 persons and injured 200 others. The train station was the last of 12 stops in a one-day trip in which be

called on Argentina and Britain to avoid "a bloody confrontation" over the Falkland Islands. The pope, who spoke at each stop, was greeted warmly by tens of thousands of people.

Police sources said Saturday that four Italian rightists had been arrest-

# been brought to trial.

United Press International WARSAW - Archbishop Jozef Glemp, Roman Catholic primate of Poland, demanded on Sunday that the authorities release all interned women as a show of respect for the dignity of women. About 50,000 Catholics gathered outside St. Ann's Church in Warsaw enthusiastically applauded his demand.

We want to bring the request to the authorities from this place so that there will be no internment places for women in the month of Holy Mary," the archbishop said. More than 3,000 internees, including more than 200 women, remain in the camps instituted after martial law was

Adoration of Christ's mother is a major tenet of Poland's Roman Catholic population, and devotions to the Virgin Mary will take place throughout the country during May.

# The more you know about Scotch, the more you like Ballantine's.



~ George Ballantine & Son Limited

# warships entering a 200-mile war zone around the islands.

CORRECTION AND ANNOUNCEMENT

The Front for the Liberation of Iran announces its new address:

B.P. 225, 75121 PARIS CEDEX 03.

ty. The Post report said.

although the British could decide to get a few ships there earlier.

The fleet is said to be moving at about 12 to 15 knots. "If they were going any slower they'd be going backwards," said one informant.

bassy in Washington. Parliament returns Monday

On Saturday evening Mrs. Thatcher cut short a visit to Che-

# Lebanese Peace Plan Announced

state radio reported.

ing fighters from confrontation lines in Beirut and southern Lebanon; an investigation into the causes of the fighting: the drafting of a plan for coordinating military action against Israel in south Lebanon in cooperation with the Palestine Liberation Organization, and a meeting in

the Syrian government.

Meanwhile, an assistant military attaché at the U.S. Embassy was shot by a sniper Saturday as he drove through a crossing between east and

### Chinese Man Seeks to Flee to U.S.

United Press International

surrounding the embassy compound at about nonn Saturday.

"Entry was observed by Chinese authorities and be left the U.S. Embasssy compound shortly afterwards and turned himself in to Chinese officials who had expressed concern about the possibility that he might be a threat to American Embassy officials," the embassy spokesman said. "At no time was he a threat, and the embassy informed Chinese

# Police Block Russian Worshipers

Police set up barricades around most of the more than 40 Russian Orthodox churches in Moscow. They allowed older people inside, but blocked younger people. Tens of thousands of people streamed into the Vagankovskoye cemetery, one of the country's largest, to decorate

official opposition to religious belief.

# ed in connection with the Bologna train station bombing. More than 25 suspects have been detained since the blast Aug. 2, 1980, but no one has

Glemp Asks Warsaw to Free Women

declared last Dec. 13.

mavers

n U.S.

Elizabeth -

some experts saids roposal might be d to counter species.

Brezhnev was 100? is duties. nistration, which k indication of Mi. Be osal, moved quidh; it did not regardie apparent rejection i of course, study Pre-

ev's remarks cans House statement of neantime. Preside ver will come to b ons this June and me ecause of Mr. L th, the Russian a

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BRIEF

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increasing public concern

# Falklands and Salvador Stall Nicaragua Talks, Officials in U.S. Say

By John M. Gushko

WASHINGTON -- Despite Nicaragus a screptance of a U.S. caff for negotiations, the Rengan administration is stalling the start of talks because of the Falklands dispute and a belief that the Nicaraguans are insincere and need to be guans are unsucces and reading El pressured further to stop siding El Salvador's leftist guerrilas, admin-

infration sources say.
The sources said Friday that a delay in the negotiations is, in part, unavoidable because the sec-retary of state, Alexander M. Haig Ir. and the assistant secretary for inter-American affairs, Thomas O.

# Main Air Link With Havana Shut by U.S.

By Richard J. Meislin

MIAMi - The major air link be-tween the United States and Cuba has ended operations, a week after the Treasury Department declared that it was "controlled by Cuba.". Since 1979, the airline, Ameri-can Airways Charters Inc., has been the leading carrier between the United States and Cuba for tourists, diplomans. Cuban cribes

tourists, diplomats, Cuban exiles, reporters and even anti-Castro in-

The company, based in Hislesh, Fla., was best known among Americans for its Tropicana Express, a low-cost, one-day package that gave visitors a brief taste of the Caribbean's. Communist stronghold. The visitors were welcomed warmly by the Cuban gov-erament for the U.S. currency they brought with them. Through a link with Havename,

a Panama-based company, the sir-line also controlled all travel of Cuban exiles in the United States to visit relatives in their homeland. Reasons Unclear

Diplomats had known for some time that the airline dealt closely with President Fidel Castro's government. It was not clear why the Reagan administration decided to shut it on Friday.

Both Treasury and State De-partment officials said the decision was made on legal, not political grounds. A. State. Department spokesman said the action was not part of the Reagan administra-tion's crackdown on trade between the United States and Cuba.

The broader issue of travel between the two countries "remains under review," a State Department official said, adding that "there is no reason why other air carriers should not respond to commercial demand for flights to Cubs.

The Treasury Department technically put the airline out of business on April 9, by declaring it a designated national of Cuba. This against bonanza in Latin America action froze the company's assets and barred U.S. citizens and companies from doing business with it under laws prohibiting trade with

The action left about 2,000
Americans stranded in Cuba and some Cubans in the United States. The government last week permitted the company to sponsor a few with the Mexican government, more flights, "basically to repairiate people both ways," according national prestige on its efforts to to a Treasury Department spokes- act as a peacemaker in Central

avert warfare between Britain and Armentina over the Falkland fslands. Mr. Enders is expected to be the chief U.S. negotiator in any talks with Nicaragua

But more important, the sources said, the administration does not believe that Nicaragua's government is prepared to negotiate toward achieving the U.S. goal of cutting off the arms, guidance and other aid that the United States contends is flowing from Nicara-gua to the Salvadoran insurgents.

instead, the sources said, U.S. policy-makers think that Washington's best strategy is to hold back. The hope is that internal unrest directed at the leftist, Sandinistadominated government — and Ni-caraguan fears about U.S. efforts encourage the dissidence - will as one source put it, "soften the Sandinistas up and make them more inclined to negotiate serious-ly on the terms we've proposed."

Specifically, the sources said, the administration does not believe the Nicaraguant were sincere in their offer, conveyed to the United States on Wednesday, "to begin serious and formal negotiations," including discussion of an cight-point proposal put forward by Washington two weeks ago.

That plan notably called for an end to Nicaraguan support for in-surgencies in Central America, in exchange for a U.S. promise to protectute exiles if they engage in activities aimed at the overther or of the regime in Managua while on

At a time when world attention has been diverted from Central America to the possibility of a British-Argentine clash in the South Atlantic, the administration's delaying tactics toward Ni-caragna are unlikely to attract much notice. But if the Falklands dispute is settled, the administration could find itself enmeshed in a new controversy about whether its offer to negotiate with Nicaragua was made in good faith.

The administration never has made any secret of its belief that talks with Nicaragua are likely to prove unsuccessful. Until now, however, the administration has said it is committed to go ahead polarize with such talks, partly as a gesture Christic toward President Jose Lopez Portillo of Mexico, who has acted as an intermediary between the two countries, and partly to guard ainst the charge by congressional critics that it is interested only in a military solution to the Salvadoran civil war.

This charge is almost certain to be heard again if the administration is perceived as delaying in the face of Nicaragua's publicly stated willingness to begin imbiediate talks on any subject that Washing-ton wants to discuss, including the

and Western Europe by charging that the United States, after calling for negotiations and receiving a positive response, now is seeking to set new conditions for going

A prolonged U.S. reluctance to start talks could also exacerbate strains in Washington's relations

# Prayers, Races Planned In U.S. Nuclear Protest

By Judith Miller

New York Times Service
WASHINGTON — Fasts and prayers for peace, bieyele marathons, a "Run for Your Life" race, teach-ins and a "dance for disarmament" will be held this week as part of a nationwide campaign that began Sunday to alert Americans to the dangers of nucle-

Spokesmen for Ground Zero, a nonpartisan, educational project that is sponsoring many of the events, said that the week would be the largest political protest

drive in more than a decade. The Ground Zero campaign and efforts like it have already led to a debate over national security and arms control policies. They have also led to more than a dozen congressional resolutions on arms control, including one calling on the United States and the Soviet Union to negotiate a freeze in development, testing, and deployment nuclear weapons.

There has been little public criticism of the education campaign to date. The Reagan administration has been hesitant to criticize Ground Zero openly, in part apparently because many Republicans bave been deeply involved in organizing the week's events.

The governors of North Carolina Virginia Kansas, Oklahoma Arizona, and Hawaii have issued proclamations declaring Ground Zero Week, as have many mayors and city councils.

The administration has adopted far less hostile posture toward Ground Zero than it has toward proponents of the campaign to freeze the superpowers' nuclear arsenals: Secretary of State Alexander M. Haig Jr. denounced as devastating an initiative calling for such a freeze that was introduced last month by Sens. Edward M. Kennedy. Democrat of Massachusetts and Mark O. Hatfield.

Republican of Oregon. By contrast, President Reagan said on Saturday that he welcomed about security and arms control

"No one feels more than I the need for peace." he said. But he then reiterated his view that main-taining peace could depend on public support for a continuing

U.S. military buildnp. Eugene V. Rostow, director of the administration's Arms Control and Disarmament Agency, also welcomed Ground Zero's campaign. In a statement released Friday, he said that a "bipartisan foreign policy cannot be restored un-til there has been a thorough, civil and disciplined debate about what our foreign policy is for, what it's supposed to accomplish, and by

. The numerous Ground Zero events planned in the week by their supporters and proponents of a nuclear freeze include these:

In Winston-Salem, N.C., a local minister, has scheduled a "Run for Your Life" race next Sunday. Signs along the way will depict concentric circles of destruction from a nuclear explosion.

In Marshall, Mo., starting at Whiteman Air Force Base, a Samrday, Tass described the ac-Minuteman missile site, riders on a cord signed Thursday as the "most tandem bike will distribute material asserting that falloul alone would kill about 50 percent of the improtected population along the proposed 370-mile (590-kilometer) route to the University of Illinois

near Champaign. Some participants describe Ground Zero Week as the first step toward the organization of a. disciplined political lobbying effort to which candidates for public office will have to respond next

November. However, Roger C. Molander, a former National Security Council staff specialist on arms control who founded Ground Zero 10 months ago, said that the cam-



# Salvadoran Military Asks Rightists To Share Power With the Centrists power than the right had previous- century, the military withdrew

ly agreed to.

By Lauric Becklund

Las Angeles Times Service SAN SALVADOR — El Salvador's leading military commanders have quietly intervened in stalemated political negotiations here, in an attempt to persuade the rightist coalition to share its newfound political power with the centrist Christian Democrats.

Abandoning their policy of re-maining outside the talks between the rightists and the Christian Democrats, five military lenders made a subdued joint appeal to the rightist leaders late on Thursday. according to sources close to the

"The commanders simply spoke to them with logic," said a leading Christian Democrat who asked no to be named. "The country absolutely must be unified now, If the parties who participated in the elections are not unified, only the guerrilla forces can win. That is the point they made."

The Christian Democrats said military commanders were concerned about:

• The possibility of increased polarization in the country if Christian Democrats are left out of · The risk of the U.S. Congress

revoking military aid if the new government is too far to the right. A growing division within the military itself between the officers

who support the Christian Demo-crats and those who (avor the ex-Members of the two major rightist parties said in interviews Friday that they bave developed a proposal to Christian Democrats that

Republican Albance, which is also known as ARENA, was the favored choice for the presidency. United Press International reported. But they said a compromise

States and the Christian Democrats, could still emerge.]

Mr. D'Aubuisson, a former in-telligence major, said rightists may give greater power to the Christian Democrats in the legislative or jud-icial branches of the transitional government — but not in the exec-uive branch. He said rightist leaders had assured the military that they will maintain the agrarian and banking reforms made by Chris-uan Democrats during the past

The entry of the military into the political arena is a delicate subject that politicians rarely address here, and that the military addresses virtually not at all.

After ruling El Salvador through

### would give them a greater sbare of a series of dictatorships for balf a Reagan Budget Offer **Would Cut Into Benefits**

By Spencer Rich

Washington Post Service
WASHINGTON — Compromise budget proposals offered last week to congressional leaders by administration officials would cut \$6 billion from Medicare, Medicaid, food stamp and welfare bene-fits in the 1983 fiscal year, sources

That would indicate that a compromise agreement might include many of the major cuts that President Reagan proposed for those programs in his fiscal 1983 budget. Two months ago, be proposed cuts of between \$9 billion and \$11

billion from medical programs, food stamp benefits and welfare, but the cuts found little support in Congress and many believed they would be dropped.

The compromise possibilities also include a slightly more lenient version of a proposal to penalize states that do not reduce error rates in welfare, Medicaid and food stamp programs to target lev-els. The proposed target levels were widely criticized by state officials as unrealistic.

Working Options'

The list of possible cuts, de-scribed by Republican sources as working options rather than de-finitive White House proposals, was distributed by David A. Stock-

# **Moscow Criticizes** U.S.-German Pact On Moving Troops

MOSCOW - Tass has expressed The race, according to a Ground alarm about an agreement that.

Zero spokesman, is intended to demonstrate that "not even the swiftest of foot would get very far when the bombs start falling."

In a commentary from Bonn on

In a commentary from Bonn on NATO in 1955."

provided for West Germany's further militarization" and also for use of its territory for "acts of appression against other states." The fact that the agreement is intended for operation in a crisis or during a war cannot but deeply

their present strength."

still plan to name a president and that a major military installation vice president next week from in San Salvador began small miliwithin their own ranks. (Rightist political sources said reminder to the right that it could

said Friday that the rightist leaders

last week that former Foreign Minister Antonio Rodriguez Porth of Mr. D'Auhusson's Nationalist candidate, one less conservative than Mr. Rodriguez Portb and more acceptable to the United

Christian Democrats have sought a three-man triumvirate to rule El Salvador until presidential elections are held. At least one of the three must be a Christian Democrat, party leaders have said, or the entire party will refuse to participate in the government.

### U.S. Tax Bill Of \$165,291 Los Angeles Times Service WASHINGTON - Presi-

dent Reagan and his wife, Nan-cy, reported \$418,826 in earn-ings in 1981 and paid \$165,291, nearly 40 percent of it, in U.S. income taxes, their tax return Reagans claimed

Reagans Pay

from politics after a coup in Octo-

A reliable source said Friday

tary maneuvers Tuesday as a oniet

a "palace coup" - a show of

power almost bopelessly splintered

mong various parties.

boycotted the elections.

The source termed the exercises

not be overlooked.

not be confirmed.

However, the ultranghust politi- ber, 1979, but it continues to wield

cal leader Roberto D'Auhuisson real power from the sidelines

\$101,943 in deductions, including \$5,930 for seven gowns Mrs. Reagan donated to museums. The gowns were pur-chased by Mrs. Reagan before her husband became president. The return, released by the White House without comment, showed the Reagans were entitled to a \$14 refund, which they applied to their 1982 tax rather than asking for a check.

Slightly less than half their income came from the president's salary, \$189,167. The yearly salary of the president is \$200,000, but Mr. Reagan did not take office until 20 days into the year.

The Reagans received \$156,736 in interest income from various accounts, a blind trust and delayed compensa tion on an old real estate sale. Among other sources of income were film residuals from their acting careers, producing in-come of \$5,331. Mrs. Reagan received \$41.913 as an advance on foreign sales of her previous

ly published book, "Nancy."
Mr. Reagan got \$22,197 in
pension for his eight years as
governor of California. The
Reagans elaimed \$5,096 in moving expenses for their move from Los Angeles to the White House. They reported paying \$33,438 in state income taxes.

### Washington's Press Corps

WASHINGTON - There are 4.355 journalists accredited to the weekly said.

the weapons we huy from the East bloc, our commercial dealings are 85 percent with the West, with only 5 percent with the East bloc, including the Soviet Union. But it seems that in the opinion of the Reagan administration, the one

who is not with them is against

Col. Slimane Hoffmann, who is close to President Bendjedid Chad-it, said, "We are ready for coopera-Col. Hoffmann said Algeria "has no desire to export our revolution...our main concern is tion, and we feel that this is a good our economic growth and developtime for the Reagan administration to review our disagreements relating to American foreign poli-

He warned that U.S. policy "increases the danger to the region and puts us on the thresbold of

Col. Hoffmann is chairman of

By Pranay B Gupte

New York Times Sentire

ALGIERS - Algeria is ready for

the foreign relations commission of the rating National Liberation Front and is an influential policy advisor in the one-party state.

He said, "We are ready for a balanced exchange, a relationship in which the rights of each party are respected and preserved. We wish we could have better relations with the American Con-gress and the mass organizations o that the American people could

American people to improve our relations in the economic field, and also socially and culturally." The comments represented a departure for ruling party officials, who almost never meet with for-cign reporters. Col. Holfmann emphasized that he was speaking not as an individual but "on behalf of

have better knowledge of us, and we of them. Our call is to the

### Leadership Worried

strength aimed at convincing the rightists to take on more Christian His tone suggested a renewed Algerian desire to be open toward Democrats, or face a real military coup eventually. The report could fresh U.S. initiatives in the region at a time when the Algerian leader-ship is concerned about the Talks between the Christian Democrats and members of the Reagan administration's intention two rightist parties, ARENA and the National Conciliation Party, the former official military party. to provide more military and economie assistance to Algeria's longtime adversary, Morreco. have been taking place for nearly

Col. Hoffmann, 52, who was a leading lighter during Algeria's struggle for independence from The talks became necessary when the election left real political France 20 years ago, said the Reagan administration's policies in North Africa and the Middle The Christian Democrats won East would escalate existing tensions and perhaps worsen relations any single party but not enough to form a majority in the constituent assembly. The lefulsts, who have unmeasured but significant sup-port in some areas of the country. between the United States and Al-

"If this American policy continues, not only will relations suffer among us but we will then have to take appropriate measures," he

The Reagan administration has said it will militarily strengthen King Hassan II of Morocco, whose forces have been fighting Algerian-supported guerrillas for the last seven years for control of the phosphate-rich Westero Sahara, a former Spanish possession that Morocco annexed in stages starting in 1976. The Reagan adminis-tration wants to include Morocco and Junisia in a "Strategic consensus" of moderate states to thwart Soviet expansionist aims in the Middle East and North Africa. and to blunt the alleged efforts of radical Libya to destabilize moderate Arab and African countries.

"When we look at all these operations and actions," Col. Hoff-mann said, "the only conclusion for us is that all this is indirectly

aimed against Algeria.
"In America they still put us in

### U.S. Court Rules Against Union Fees For Nonmembers

New York Times Service WASHINGTON — A federal appeals court has ruled that in the 20 states where compulsory unionism is outlawed, unions cannot insist on contract provisions that require payment from nonmembers.

The three-judge panel, dividing 2-1, rejected an argument that the National Labor Relations Act was intended to invalidate such state law provisions and to allow unions to assess nonmembers for a fair share of the costs of representing

Friday's ruling in Washington was apparently the first by any court on the question of fees tied directly to the costs of representing on members of a bargaining

proposal by four local plumbing and pipe-fitting unions that nonu-nion employees of the International Paper Co. in Mississippi, Arkansas, Louisiana and Florida be required to pay representation fees. All four states bave right-to-work laws prohibiting such fees. The company filed a charge of unfair labor practice with the National Labor Relations Board, which ruled in its favor. Friday's decision upheld that ruling.

### "The United States should not forget we are a freedom-loving people, just as Americans are that we lost 1.5 million of our own in our independence light. We cannot understand why Americans

Washington Post Service HARARE, Zimbabwe — Prime habwe and the eventual end of privaie enterprise.

Mr. Mugabe made it clear Saturindustry still dominate the econo-

sour potential foreign investors to be encouraged.

subject of Socialism, Mr. Mugabe said at a press conference on the versary of independence, "Eventually we hope we can socialize the entire socioeconomic system." He gave no umetable, saying that "it will take some time to

icious and cautious."

# busbes on private enterprise."

He made no mention of how the countries in food production.

However, Mr. Mugabe left no doubt about his long-term amhicapitalism.

claimed his Socialist credentials while at the same time saying that the country could not simply dismantle the capitalist economy it inherited after a bloody seven-year war for black-majority rule.

ment in Zimbabwe since independence, but H.J. Heinz, the food processor, has been negotiating to buy a local company that produces cooking oil. The deal is believed to be worth more than \$15 million. The government reportedly has on a controlling interest in a com-pany that could produce consider-able export revenue.

minister and a deputy minister from among nine white members of Parliament who defected from former Prime Minister Ian Smith's Republican Front last month and pointed three ministers from the Patrione Front of Joshua Nkomo.

his ally in the war of independ-ence, and other Patriotic Front ministers two months ago for al-leged involvement in hiding huge arms stockpiles reportedly found

Despite Differences, Official Says

Col. Hoffmann recalled Algeria's role in obtaining the release of the 52 U.S. hostages held by Iranion militants. "We did not expect that after

the crisis the hilateral relations between our countries would necessarily or consequently improve dramatically," he said, "But what we saw was, to the contrary, the United States pouring arms into our neighboring countries. The analysis and justification they offered for these arms deliveries was that the weapons were not aimed at us but were for confronting Communism in the Gulf area. For us this is unbelievable and unac-

# Mugabe Vows an End To Private Enterprise on properties owned by Mr. Nko-

Minister Robert Mugabe has outlined a Socialist future for Zim-

day that in the long term, capital-ism will have no role in the country. White-owned businesses and

from entering the economy, which is usually regarded as one of the most promising in black Africa. Local business interests, feeling the pineb of the depressed world economy and a shortage of foreign exchange after a post-independence boom, are also bardly likely In his sharpest remarks on the

achieve" and "we will be quite jud-

He said discussions will be held with businesses before socialization: "We don't want to lay ani-

### Farming Not Mentioned

policy would affect agriculture, Zimbabwe has more than 5.000 white farmers, and they make it one of Africa's few self-sufficient

tions. "Socialism means Social-ism," he said. "It doesn't mean at the final stage we are talking of

Mr. Mugabe has often pro-There has been little U.S. invest-

balking at Heinz's insistence

Mr. Mugabe combined his tough remarks with an olive branch to elements in both the black and white communities that are not part of his ruling Zim-babwe African National Union. On Friday he appointed a white

became independent. He also ap-

Mr. Mugabe fired Mr. Nkomo,

mo and the party.
Mr. Mugabe said Saturday that several hundred Nkomo followers

have defected from the army and have been responsible in recent weeks for a number of violent incidents in Matabeleland, Mr. Nkomo's stronghold in southwestern Zimbabwe. Mr. Mugabe added, "As we also make gestures to the white com-..

munity, we hope that reactionaries very conservative elements. will reorient their minds and hearts to be in line with the rest of Mr. Mugabe also said he welcomed good relations with the United States and the Soviet Union but said Zimbabwe would-

refuse to "espouse the hostilities. they have toward each other. Zimbabwe Capital Renamed Harare

HARARE, Zimbabwe — One of the major remnants of white-ruled Rhodesia was removed Sunday when Salisbury, the capital, was renamed Harare on the second anni-versary of independence for black-

On Anniversary

ruled Žimbabwe. The move is the first of about 700 changes in the eoming months that will give African names to cities, towns, rivers, and streets,

Harare, the name of a local chief, was the original designation before whites, under the leadership of Cecil Rhodes, settled in 1890 and named it Fort Salisbury in .
honor of Lord Salisbury, then the
British prime minister.

The new name, announced during a day of celebrations presided had been expected for some time.

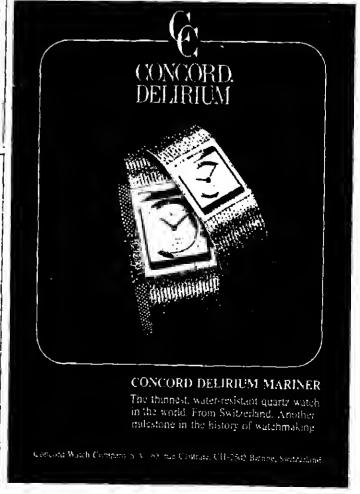
### **Ecevit's Lawyers** Say Regime Makes **Charges Formal**

ANKARA — Lawyers for for-mer Premier Bulent Ecevit say be has been charged with denigrating Turkey's image abroad in an interview with a Norwegian newspaper. Mr. Eccvit has denied having given

Mr. Ecevit, who had been beld without formal charges since April 10 by the military authorities, faces a minimum prison term of five years if convicted. He was charged after allegedly criticizing the Turkish government in com-ments to Arbeiderbladet, the newspaper of the Norwegian Labor Party. Turkey has banned former politicians from making political Gen. Kenan Evren, the Turkish head of state, said Saturday that

the government was going ahead with plans for a return to democraey. But be renewed a warning against political activity in the "Some people are trying to invest in their political future," be said. "They will be prosecuted and

get whatever sentence they de-



# man, director of the Office of

important military-political document since West Germany joined The article said the agreement

alarm any sensible man," the unsigned article declared. The agreement enables the United States to bring six divisions to West Germany to reinforce the 260,000 troops it maintains there. A U.S. official said the reinforcements would bring U.S. ground paign should continue to focus on and air forces to "more than twice

Management and Budget, at nego-tiating sessions last week between White House aides and congressional leaders. No final agreement was reached.

The negotiators also are considering a plan to save \$12 billion by postponing and putting a ceiling on cost-of-living increases for So-cial Security and other programs. Such proposals have been greeted with skepticism in both parties. The documents distributed at the negotiators' meetings postulated a \$180-billion budget deficit in

fiscal 1983, then outlined \$87 billion in spending cuts or tax in-creases that would reduce the deficit to \$93 billion. Earlier this month, the administration estimatthe 1983 deficit would be \$101.9 billion. The tax increases, sources said, would include \$2 billion in users' fees and \$30 billion in revenues from a \$3.60-a-barrel oil excise tax - not an import fee, as has been

consumer loans. Elimination of that deduction, starting in 1984, would raise about \$6 billion annu-Among the cuts would be \$5 billion in military spending, \$5 bil-lion in nonmilitary discretionary

discussed — a 4-percent income-tax surrax, and elimination of the

tax deduction for interest on some

programs, and \$4 billion in federal The proposal on Social Security cost-of-living increases would mean that instead of the 7.6-percent increase set to take effect July 3. beneficiaries would receive a 4 percent rise Oct. 3 and an additional, maximum rise of 4 percent Jan. 3. 1984, the sources said Fri-

This proposal also would apply to food stamps, veterans' pensions, military and civil service pensions and railroad retirement pensions. According to Mr. Stockman's figures, these cuts would brings

savings of \$12 billion in fiscal

1983, at least \$18 billion in 1984

The sources said the administration list includes these possibilities in other programs: In Medicare, reducing reimbursements to physicians and requiring recipients to share in a larger portion of eosts. A total of

\$6.49 billion would be saved over

and \$24 billion in 1985.

three years.

• In Medicaid, requiring patients to pay a larger part of costs and giving states more power to recover long-term nursing costs from a beneficiary's estate. The savings would be \$2.92 billion over three . in welfare, strengthening

work requirements and increasing the support burden on parents of older children. The savings would

total \$2,49 billion over three years.

United Press International

congressional press galleries bere, according to a survey published by the National Journal. The number of broadcast reporters has grown in the last 20 years from 242 to 1.500, the Washington-based GALA PARIS OPENING

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Monday, April 19, 1982

# **Atlantic Showdown**

It is being asked why Secretary of State Alexander Haig has invested so much of his tinte and the country's prestige in trying to help keep Argentina and Britain from coming to hlows. The answer no doubt is that he had hoped to wrap up his mediation sooner. but the thing got stuck and he felt he had to stay with it a hit longer. That way may lie further emharrassment. But that way also may lie a break in the case.

The military situation does not seem propitious for either side. The British can dish out some impressive damage at sea, by most estimates, but the Argentines should still be able to cling to the islands that they seized two weeks ago. The risk is that, deprived of the blue water that now separates their fleets. they will keep going at each other just he-

The Security Council has demanded a cessation of hostilities - mostly an inhibition on the British since Argentina, being in possession of the islands, has no reason to open fire. But the British could contend Argentina had ignored the council's first demand, for Argentine withdrawal.

There are other nonmilitary pressures bearing on the two sides, especially on the Argentines, Buenos Aires, with weak reserves, needs every penny of its export earnings and its borrowings, and then some, to finance necessary imports and to keep up payments on its immense debts. The British have frozen Argentine assets, cut off trade and credit, and induced their European partners and Canada to bar Argentine imports. In return, Argentina has frozen British assets and suspended payments on its London debts. Britain's reputation as a safe financial haven has thus already been shaken.

But Argentina appears to be much more vulnerable. If there are prudent people in the junta in Buenos Aires, they should be looking a month or two ahead, beyond the drama of the fleets, at the possible collapse of the economy and - if that actually happens at the sure collapse of their own leadership. From a cheap triumph gained by illegiumate arms, they would have moved to political disaster. The way to avert it is to enable the Haig mission to succeed.

THE WASHINGTON POST.

# **How to Tax Energy**

It now seems clear: Any deal between Coo-gress and the president to cut the 1983 deficit will include an energy tax. That is certainly welcome news. It would both ease the United States' fiscal pains and reduce dependence on foreign energy imports. What is not wel-come is the lack of an open discussion of the form the tax will take.

The Reagan administration is reportedly leaning toward a fee on imported oil. But the fee has serious drawbacks. Sen. Howard Baker's preference, a broad-based tax on fuels, would spread the burden more fairly and ruffle fewer diplomade feathers. The simplest energy tax is an oil import fee. It could generate much revenue and would require no new legislation; the president would impose a fee by executive order, A \$5-a-barrel tax would yield about \$9 billioo at the port. The price of domestic oil would go up by a like amount so severance, corporate profit and personal income tax collections would also go up. How much revenue would result is uncertain; rough calculations put the figure between \$8 billion and \$12 billion.

But simplest does not mean best. For one thing, a fee would anger the nations that export oil, which see a selective tax on imports as economic warfare. Pleasing the oil exporters is surely not the highest goal of American policy. But neither is offending friendly

countries like Mexico and Nigeria when the offense can be easily avoided.

More important, an import fee would hit some consumers much harder than others, notably people in the Northeast who heat their homes with oil. Those who beat with oalural gas would escape much of the burden. Then, too, an import fee would create a new windfall for domestic oil producers: At least a fourth of any price increase would end up as after-tax profit.

An attractive alternaove to the oil import fee would be taxes on all oil and natural gas, set neutrally to match the relative energy or British thermal unit content of the two fuels, A barrel of oil contains about six times as much energy as 1,000 cubic feet of oatural gas. Thus a \$6 oil tax would mesh with a \$1 levy oo natural gas.

That particular combination could yield as mucb as \$50 billion a year in revenues, more than either the administration or the congressional leadership is likely to ask for. But the tax rate could, of course, be scaled down to meet more modest objectives. The crucial point is to design an energy tax package that spreads the burden as broadly as possible and creates oo unnecessary friction.

By these tests, the Btu tax is a winner. THE NEW YORK TIMES.

# On Stockpiling Minerals

The United States needs a national minerals policy, but not the one released by the White House recently. That policy - a blunderbuss supply-side approach of all-out mining and stockpiling — will be ineffective and expensive. A better approach is available.

There are some national security interests at stake. The United States should meet its stockpile goals for a small number of strategic minerals for which it has little or no domestic supply, no available or foreseeable substitutes and unreliable foreign suppliers. Chromium, titanium (the Soviet Union is its largest supplier) and platinum are examples. But that is a far cry from the indiscriminate stockpiling of the dozens of minerals and materials the new plan calls for. A better policy would call for a tough reappraisal of the 30-year-old rationale for a national defense stockpile, with a view to separating the few materials for which there is a strategic need from the many that are stockpiled largely to support declining minerals prices.

The idea that a minerals shortage has been created by a vast "lockup" of mineral resources on federal lands has no basis in fact. Most public lands are already open to mineral development, far more than are being explored or developed. Wilderness and wilderness study areas together amount to about 3 percent of the country, and most wilderness boundaries were drawn specifically to exclude promising mineral reserves. The new policy, which was drafted by the Cabinet

Council on Natural Resources and Environment chaired by Interior Secretary Wart, appears to be aimed mostly at providing support for Mr. Watt's controversial open-thewilderness plan. It may do that, but it is no solution to a mioerals shortage. For the most part, easily extractable mineral reserves have been used up, not locked up.

A successful minerals policy would involve a heavy investment in research and development of new substitute materials for minerals and in recycling technologies and programs. New compounds - plastics, ceramics, carbon fiber composites and others - made of materials of which there is a limitless supply. can substitute for many minerals. And there are all kinds of unexploited opportunities for recycling that have the double benefit of removing poisonous heavy metals from air, waler and waste dumps.

The administration prefers to rely on the direct but short-sighted approach. Last year, the president ordered a large foreign purchase of bauxite for aluminium. Meanwhile, funds were cut back for a modest research program to make aluminum from other deposits of which the United States has a huge supply. Even a massive substitutes and recycling research effort - that would be bound to have commercial payoffs - would cost a fraction of the \$12.5 billion the administration wants for a stockpile that can do nothing but sit there. It does not make sense.

THE WASHINGTON POST.

### Other Opinion

### **Battlefield Nuclear Weapons**

NATO's strategy of relying on so-called battlefield nuclear weapons as a cheap substitute for men has been dubious ever since the Russians achieved ouclear parity, and positively dangerous since they started to bring in new generations of theater nuclear weapons. The strategy carries twin dangers. On the one hand there is the danger that in any conflict NATO would have to leap too

quickly into nuclear war to avert conventional defeat. On the other hand there is the danger that fear of nuclear war becoming uncontrollable would prevent or delay the use of nuclear weapons and would thereby make defeat certain.

The only answer is to abolish battlefield nuclear weapons and develop the ability to fight-a longer cooventional war.

- From The Times (London).

### April 19: From Our Pages of 75 and 50 Years Ago

1907: The British Budget

LONDON - The British budget is the chief topic of the editorials today. The Tribune remarks: "Too much credit cannot be accorded Mr. Asquith, for his successful efforts to reduce the national debt. The fact that for 1906-7 and 1907-8 the reduction of the capital liabilities of the nation will not be less than £23 million affords cloquent lestimony of the sagacity that has characterized his chancellorship." The Daily Mail says: "Mr. Asquith invites the nation to rejoice in an unprecedented national prosperity, despite the recent strain of war, the enormous waste on armaments, the severity of foreign competition in the world's trade markets and the spreading of poverty at the basis of society."

### 1932: World Trade Down

PARIS - Today's editorial in the Herald reads: "The total international trade of 1931, according to an estimate of the British Board of Trade. suffered a decrease of 27 percent under that of 1930 and 41 percent under that of 1929. Trade which in the first year of the Depression had shrunk to about the level of the 1921-1925 average, had retreated in the second year to that of the average for 1911-1913. It is unjustifiable to lay the entire blame on tariffs and trade resinctions, In 1931, as in 1930, a large part of the drop was due to the fall in prices. On the basis of volume, the United States' foreign trade seems to have decreased no more rapidly in 1931 than did the nation's domestic activity.

# Ideology and Ignorance Amid Crisis

BOSTON - Anyone who wants to know why U.S. foreign policy is up to its neck in disasters these days will find illumination in some recent comments by Jeane Kirkpa-trick, President Reagan's am-hassador to the United Na-tions. She was defending her decision to appear as guest of honor at an Argentine Embassy dinner the night after Argenti-

na invaded the Falklands. Mrs. Kirkpatrick was asked about the dinner on the CBS interview program "Face the Nation." She said the administration had shown its disapproval of the invasion by voting in the United Nations to call for Argentina's withdrawal. Then why go to the dinner? Because, she said, "the United States has never taken a position on the ownership of those islands."

One panel member asked: "We have a position on armed aggression, though, don't we?"
After some preliminary sparring, Mrs. Kirkpatrick said: "Now, look, one has to be clear about this, I think. Armed aggression would take place in a clear-cut way against territory on which there was clear-cui ownership. The Argentines, of course, have claimed for 200 years that they own those is-lands. And the British have

ing troops into them is not armed aggression."
Perfectly clear: Aggression is not aggression if the aggressor claims he is the rightful sovereign of the land he invades. So Hitler was not an aggressor when be gohbled up the Sude-tenland in 1938, because he claimed that that Czech territo-

owned that they own those is-lands. Now if the Argentines own the islands, then mov-

ry was really German, ry was really German.

The explanation has all the slippery ingenuity of a third-rate academic treatise, But Mrs. Kirkpatrick is no longer an academic, She speaks for the United States, And in that role has worde are numbing.

her words are numbing.

Mrs. Kirkpatrick's formula could he used to justify aggression in support of any irreden-tist claim. The world is full of such claims. In Laun America almost every country has a claim against some part of its territory by another country. By Anthony Lewis

The principle agreed on when the United Nations was formed in San Francisco in 1945 was that territorial claims are not to be enforced by armed attack. The world was too dangerous. And it is more dangerous now.

In short, the propriety of Mrs. Kirkpatrick's appearance at that dinner had nothing to do with the fact that the United States has taken no position on who owns the Falkland Islands. Whoever does. The United States is against changing the status quo by force. Until the Reagan administra-

tion, it was inconceivable that a high American official would sit down as guest of honor at an aggressor's dinner party the night of the aggression. Mrs. night of the aggression. Mrs. Kirkpatrick said she had checked with other officials about going to the dinner, so it was an administration decision.

If Mrs. Kirkpatrick had wanted to give a candid explanation, she might have offered one of the following:

We in this administration think we have to line up as

think we have to line up as many countries as possible in

policy: invincible ignorance, unyielding ideology. Color some regime "anti-Communist," and it earns our the fight against world Cont-munism. Argentina has an im-portant role to play. That is

hy we have tried to end the

chill of the Carter years and be-

come friends with its mili-tary rulers. We do not want to

• It is true that some un-

pleasant things have happened in Argentina such as the "dis-appearance" of thousands of

people. But toughness is re-

quired to defeat left-wing ter-rorism, and that inevitably means there will be some

excesses. As I suggested after

visiting Argentina and Chile

last summer, those countries

could give good advice on how to prevent the spread of guerril-

· Specifically, though I can-

not say too much about this, we

have been working for Argen-une help against Nicaragua.

If you think about the expla-

nation that Mrs. Kirkpatrick

gave, or about the unspoken ones inherent in U.S. policy

toward Argentina over the last year, you see the fatal charac-teristics of the Reagan foreign

war in Central America.

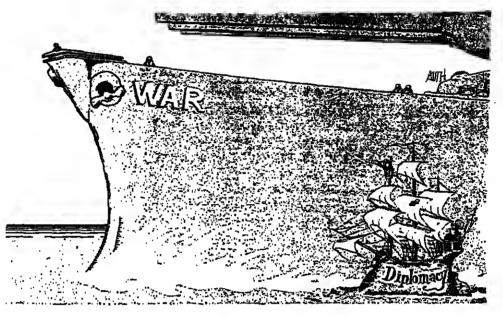
risk all that now.

embrace. It does even though it is a bruial and incompetent tyranny. It does even though it works hand-in-glove with the Soviet Union, Ideological preconceptions prevail in the teeth of the facts.

I wonder whether doubts are nagging at Secretary of State Haig as he struggles heroically, and so far unsuccessfully, to defuse the effects of Argentine adventurism that was encouraged by a year of American policy. He knows that the Ar-gentine regime is refusing to give up its aggression without assurance that it will keep the assurance that it will keep the fruits. And he knows now that Russia is helping Argentina. As for Mrs. Kirkpatrick and her dinner, there is a foomore

that adds irony to her explanation. Not even the Argentines were sure she would be brazen enough to come. Since first writing about the party. I have heard from someone who was there that the embassy people were relieved and delighted

when she turned up. 01982. The New York Times



The Race to the Falkland Islands.

# Defense in Europe: The First-Use Option

WASHINGTON — It appears to he open season on proposals to dismantle the foundations of the alliance security policy developed in the post-World War II years.

To proposals to forgo various U.S. defense programs or to freeze the present unequal levels of U.S. and Soviet ouclear forces, there has recently been added a proposal to change our declaratory policy — that is, to announce that we will not be the first to use nuclear weapons.

A foundation stone of alliance security policy has been Article 2. Paragraph 4 of the UN Charter. It provides that all states should refrain from the threat or use of force against the territorial integrity or political independence Reagan stated Nov. 10 that "no NATO weapons, conventional or nuclear, will ever be used in Europe except in response to attack." To the extent that one can have confidence in Russia's adherence to its commitment to conform to the charter's principles, one's concerns for the security of the United States and the

Atlantie alliance are diminished.

A second foundation stone of U.S. security policy has been the charter of the North Atlantic alliance. Under that charter, each of the signers is committed to regard on attack up-on any other member within the alliance area as an attack upon itself.

A third foundation stone has been the policy

of deterrence. The United States and other members of the alliance have deployed conventional and nuclear weapons precisely to prevent their use. It has been alliance policy to deter war of any kind with the Soviet Union or any of the Warsaw Pael countries. It was decided that the policy should be to deter any kind of an attack, whether nuclear or conven-

tional, because any military confrontation be-

Muller, leader of an organiza-tion representing the Miskito Indi-ans of Nicaragua, bas accused the

Sandinistas of engaging to "a poli-cy of genocide" against his people. In El Salvador, the guerrillas' Ra-dio Venceremos said in a recent hroadcast that the Salvadoran peo-

ple "are preparing to deal the genocidal dictatorship a mortal blow." Thomas Enders, the U.S.

assistant secretary of state for Lat-

in American affairs, has said he

No individual, organization or government in Central America has tried to have the United Na-

dons Convention on Genocide ap-

plied to his or its country. Presum-

ably this is not because they do not

believe to their own rhetoric, but

rather because the convention -

adopted unanimously by the Unit-ed Nations on Dec. 9, 1948, and

inspired by the mass murder of

Jews, Poles, Russians and Gypsies

by the Nazis — is almost forgot-

ten, a relic of the passion and ideals of postwar reconstruction.

Recent efforts to apply its stric-

tures have been sidetracked

Charges relating to Pol Pot's geno-cide in Cambodia, Idi Amin's mas-

sacres in Uganda and the massa-

cres of the Hutu by the Burundi

government have all entered the

UN machinery only to be shunted

Yet genocide is not a subject

that should be so easily ignored.

Why has the genocide convention

been allowed to languish with-out teeth and bite?

Its root weakness is its formula-

tion. lo the debates in the mid-

1940s on the original draft, the

Russians led an attack against the

inclusion of political groups, on

the theoretical ground that geno-cide was bound up with fascists

aside by one influence or another.

fears "a race war" in Guatemala.

By Paul H. Nitze

ween forces of a Warsaw Pact country and of a NATO country would involve unpredictably high risk of escalation, including the risk of

escalation to use of ouclear weapons.

A fourth foundation is the policy of oegotiating with the Soviet Union on the reduction of nuclear and conventional arms.

It is not clear that the proponents of a change in our declaratory policy as to first use would wish to undermine or abandon these four foundation elements of alliance policy. It would appear that they wish to accommodate U.S. and NATO strategy to current trends in ment and defense policy toward increased conventional military capabilities and thus raise the nuclear threshold. The question is what the practical consequences of adoption of their proposal would prohably be. Is it practical in the near-term future to so increase the conventional capabilities of NATO as to obviate the need for that increment to deterrence added by Soviet concern that a successful Warsaw Pact conventional attack on NATO could escalate

into the use of nuclear weapons? The facts of geography are against that proposition. The depth of the front on the NATO side in Europe is a few hundred kilom-eters; it is thousands of kilometers on the Soviet side. Reinforcements from the Soviet Union are 500 miles away; those from the United States are 4,000 miles distant.

It is argued, further, that a no-first-use policy would reduce budgetary pressures on alliance members, opening up new sources of funding for conventional force while reducing tensions more generally. It is hard to see how this could be so. Most of our allies spend ooth-

On Toughening the Fight Against Genocide

By Jonathan Power

The French representative, who

led the counterargument, observed

that "whereas in the past the crime

of genocide bad been committed

on racial or religious grounds, it

was clear that in future it would be

committed on moral or political

grounds." But he and his support-

or political opponents in Cambo-dia or Burundi, does not come

within the terms of reference of the

draft was a reference to "cultural genocide," which would have ex-

tended the writ to those indi-

genous groups of peoples threat-

ened with extinction by economic

development, such as the Indians

and tangible proposals on how the

convention would be implemented, never saw the light of day. It had

incorporated the principle of uni-

versal enforcement, permitting the

state, whose authorities had arrested those charged with the crime, to exercise jurisdiction, regardless of the nationality of the accused

or of the place where the offense

international penal court to try

genocide offenses was dropped. All that was left by the end of the

winnowing process of reaching for comprehensive agreement was the

right of appeal to the UN Com-

mission on Human Rights - a

body which for most of its years

has been uninspiring and ineffec-tive and which has concentrated

narrowly on southern Africa, the

Just at the time when the com-

Middle East and Chile.

Likewise, the provision for an

The original draft, with its bold

of Brazil or Paraguay.

was committed.

Also knocked out of the original

convention.

The result is that the slaughter of political groups, such as the Communists in Indonesin in 1965.

mission was moving toward a

more active and broader role, its director, Theodore Van Boven, was fired by UN Secretary-Gener-

A new, exhaustively researched

Against Genocide," written

study entitled "International Ac-

hy Prof. Leo Kuper of the Univer-sity of Californin in Los Angeles

and published by the Minority Rights Group in London, con-cludes that the genocide conven-tion "is almost a dead letter."

Kuper is not sanguine about re-forms, since the United Nations is

an organization of governments,

relatively independent of the dele-

His ideal would be an interna-

tional court to which supplicants

could take their case. But the day

when nations will allow an inde-

pendent body to deal out punish-

ment for their sins is long distant.

More realistic would be the ap-

gations of UN member states.

al Juvier Perez de Cuellar.

ing on nuclear forces. The strategic portion of the budget in the United States is now around 9 percent, or perhaps 15 percent when allocated overheads are included A no-first-use policy even if it led to a corre-

sponding shift in nonstrategic nuclear deployment patterns would hardly lead to significant savings — surely not more than a percentage point, if that, of the defense budget as a whole. The larger cooventional forces needed to com-pensate for such a doctrinal shift would surely cost far more, given the relative burden of conventional armaments compared with those in the nuclear field. While we support improvemeots in conventional armaments, we should Given the continuation of the imhalance

that led to the first-use doctrine in the first place, it is hard to see how a renunciation of the doctrine, in the absence of substantial Soviet reductions of conventional forces in Europe, would maintain the record of peace in Europe that has been obtained hitherto. Deterrence has worked. To remove the essential prop of nuclear deterrence prior to rectifica-tion of the conditions that led to its fashiong would be to tempt fate.

How can it be argued that a first-use policy poses increased costs to the coherence of the NATO alliance as well as an increased threat to world safety? Alliance coherence is a function of the efficacy of deterrence. If a nofirst-use policy would reduce deterrence, as I believe it would, then world safety would decline rather than improve.

The author is chief U.S. negotiator in the Geneva talks with the Soviet Union on limiting medium-range nuclear weapons in Europe. He contributed this article to The New York Times.

sioner for burnan rights. He would be in a position to visit threatened

areas in an early stage of a genoci-dal conflict and meet government officials. If the high commission-er's representations failed, his re-

ports would alert the United Na-

tions and world opinion to the im-minent threat of mass murder.

This is merely huilding another conduit to public opinion. But if the high commissioner were a per-

son of stature, whose bonesty and

integrity were widely respected, the job would be important.

rather than allowing an issue that

fired the concern of those who

It could publicly set a standard,

Lèvesque. The next day the editor of n French paper in Morttreal said of Quebec nationalism, "It's over."

Language rights were the instrument Trudeau used to open the rest of Canada to Quebec. In 1969 he pushed through an Official Languages Act which gave equal status to French and English in the federal system. But the political limits of the statute were expressed. limits of the statute were exposed

in 1976 when the Canadian air

controllers went on strike against

Long Trip Ends for

Trudeau

By Joseph Kraft

WASHINGTON - Except

blood, nationalist movements al-most never stop short of independ-

ence, But Pierre Ellion Trudeau

has achieved the accommodation of Quebec and Canada by peaceful

means. With the visit of Queen

Elizabeth, he now celebrates a his-

toric triumph that merits attention

By all the usual measures. Que-

bec presents a prime candidate for national independence. The prov-

ince occupies a distinct territory,

rising from the lowlands of the St

Lawrence River. The population of French-speaking Catholics differs at salient cultural points from the

English speaking Protestants who

predominate elsewhere to Canada.

These disparities made Queber, for decades, a redoubt of sullen re-

sistance to Canada's connection

with Britain. The "enlightened" climate of the 1960s fostered in

Quebec a virulent nationalist movement led by a talented organ-izer. Rene Levesque, of the Parti Quebecois. In 1976, Mr. Levesque became premier of Quebec and be-

gan maneuvering to separate it from the rest of Canada.

Trudeau the scion of a family that fused French and English

traditions, came to power in Ot-tawa in 1968. His self-assigned mission was to keep Quebec within Canada. Indeed, he once said, in response to a question as to why

he had entered politics:

"Each man has his own reasons.

I suppose, as driving forces, but mine were twofold. One was to make sure that Quebec didn't leave

Canada through separatism, and

the other was to make sure that Canada didn't shove Quebec out

The fight against separatism Trudeau waged in Quebec. When the nationalist movement took a

violent turn in 1970, he proclaimed martial law and sent in the Moun-

ties. Thereafter, by his own person.

and the attraction it exerted on French Canadians of outstanding

ability, he pulled a growing part of the Quebec clite away from the separatist cause.

The hig test came in May, 1980, on a referendum framed by Levesque that sought a mandate

for a new form of association be-tween Quebec and Canada, Tru-deau met the challenge head-on in

deau met the chartenge nead-on m a series of highly personal speech-es. The referendum was defeated by a 60-40 majority, with almost half the French Canadian voters joining Trudeau in opposition to Levesque. The next day the editor

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anch Dention :

HORILING.

230 F

through narrow-minded

the world over.

when drowned in a bath o

ilsory use of Prench. Bill of Rights A constitutional approach to the language issue provided the way out of the impasse that then ensucd. Trudeau prepared a package of laws that brought to Canada, or pairiated, the constitution which had technically been incorporated in a statute passed by the British Parliament in 1867. Included in the package was a bill of rights guaranteeing extensive protection to women, Indians, Eskimos and virtually all other minorities. Also included was a provision that guar-

anteed French-speaking schools all across Canada and English-language schools in Quebec. Terrible political and legal difficulties cropped up. At one point eight of the 10 provinces opposed the constitutional package. The Canadian supreme court found that approval by a majority of

the provinces was required by cus-tom if not hy law.

In a hrilliant polinical maneuver last November, Trudeau offered to put the constitutional package to a referendum to each province. Levesque accepted for Quebec. But the other provincial leaders rather than fight a combination of women, ethnic and religious minorities and civil libertarians refused. Trudeau thus gained his majority and the package was pushed through the parliaments in Canada and Britain. Queen Elizabeth came to Canada to proclaim

the new constitutional regime.

A sorting out of federal and provincial responsibilities remains to be done, and will probably dominate Canadian politics for years to come. But Trudeau has completed the essential mission of an astonishing career. He has been in power almost 14 years - longer than any other leader in the industrialized world. He has taken his country safely through a terrible ordeal. He has demonstrated that nationalism and liberty can coexist. He bas shown the supreme flexibility of the Anglo-Saxon political framework. He can step down in the next year secure in the sense that be has made his mark as one of the great men of the last quar-

and genocide is largely a governoriginally tried to draft a powerful mental crime. He argues per-suasively for the establishment of and effective genocide convention in the wake of Nazi destruction to some process, or for institutions. lapse, gathering dust on shelves.

Jonathan Power is editorial adviser to the Independent Commis-sion on Disarmament and Security Issues. The Kuper report is obtainable from the Minority Rights Group, 36 Craven Street, London WC2, for £1.20 plus postage. ter of the 26th century.
51982. Las Angeles Times Syndicate.

# INTERNATIONAL Herald Tribune

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# Legislative Study Says U.S. Was Insensitive

ASHINGTON when drowned in all monages trationalist movements sever stop short of trate.

But Pierre Ellion In there and Canada by With the visit of eth, he now celebrated intermediate that ments are ill the usual measure d independence. The

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me Latesque, of the
ois, in 1976, Mr. lec premier of Queber steer of Causer

an, the scien of at sed French and E is, came to power 1968. His self-an was to keep Queber. Indeed, he once a ; to a difestion of f ntered politics; man has his out to se, as driving long re twofold. One p re than Outber didni through separate didn't show Out narrow - mindedness ibpi vante ide waged in Outber Might moremen a am in 1970, he procaw and sent in the ! valier or he care attraction it etc. anadiant of cust

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1 Table 122

Prime Minister Pierre Mauroy has called the feuding ministers to a meeting Monday in an effort to resolve what some see as an in-

### **Zurich Demonstrators** Are Dispersed by Police

ZURICH - Police used tear gas and rubber bullets in Zurich to break up an illegal demonstration by hundreds of youths from 11 dif-ferent organizations, the Swiss news agency SDA reported.

The march on Saturday was the latest of several demonstrations by youths in Swiss cities to protest alleged repression by authorities. It followed the closure of an autonomous youth center Thursday in Bern over charges that youths connected with the center had stolen and eaten a rare crane from a local zoo. A youth center in Zurich was closed in March following claims that the building had become a haven for drug addicts.

with that of Reagan administration officials who have argued that nuclear freeze advocates would give military advantage to the Soviet Union and weaken the Western alliance. "Severe Crisis"

On Limited War Issue

By Charles Mohr

New York Times Service

most of last year the U.S. govern-

ment- was not adequately sensitive" to the effect that its discus-sion of limited nuclear war was

having on West European public

opinion, according to a report by the staff of the Senate Foreign Re-

The staff report did not mention any officials by name, but Presi-

dent Reagan prompted widespread comment and debate when, in re-marks to a group of editors, he seemed to suggest that he believed

a "limited" nuclear war might be

confined to Europe.

The staff report, which examined a number of problems of the North Atlantic Treaty Organi-

zation and which was made public on Saturday, said that aggressive language by U.S. officials had "added to European grass-roots anxiety about nuclear war."

The report also concluded that

many Americans tend to overem-

phasize the extent to which nuclear disarmament groups in Europe are instruments of the Soviet Union."

Soviet Role

committee's chairman, Sen.

Charles H. Percy, Republican of Illinois, said that "the Soviets

clearly attempt to support, influ-

ence, and exploit the movement in

many ways, but they did not create

it nor do they direct it."

"The Soviets, however, would

clearly gain if programs for unilat-

eral nuclear disarmament were im-

plemented," said the report, enti-

iled "NATO Today: The Alliance

Sen. Percy wrote in a preface

that "this study makes a convinc-

ing case that NATO is not now in

crisis but that it could easily be

pushed into crisis if issues are not

den Jr., Democrat of Delaware,

took a different line in saying that

the emergence of a "substantial

arms control constituency, voicing support for various 'nuclear freeze'

proposals," may strengthen NATO.

middle of a public dispute over law

and order between two of the top

ministers in his Socialist govern-

The long-brewing conflict broke out publicly Thursday when Interi-or Minister Gaston Defferre told a

meeting of high-ranking police of-licials that he wanted tough new measures giving police more dis-cretion in checking identities and

the right to shoot after giving a

inter replied the following day that the interior minister was "speaking only for himself." He added, "All

decisions relative to identity checks will be submitted to the ar-

bitration of the prime minister and

Justice Minister Robert Bad-

Meanwhile, Sen. Joseph R. Bi-

in Evolution." - :

managed carefully."

The staff study, ordered by the

lations Committee. -

WASHINGTON - During

The remarks by Sen. Biden came in a statement that accompanied a different study of NATO problems conducted by Stanley Sloan of the Congressional Research Service. His study concluded that the alliance "is in a severe crisis."

Sea. Biden is not one of the 25 senators who have sponsored a resolution calling for a freeze or halt in deployment of nuclear weapons and his statement made clear that he thinks it would be more useful to pursue arms limitation talks with the Soviet Union.

However, Sen. Biden argued that the emergence of the congres-sional and public nuclear freeze movement in the United States would reassure European opinion by reaffirming "the abiding American commitment to nuclear sanity, notwithstanding this administra-tion's idiosyncracies.

The Foreign Relations Committee report seemed to dispute contentions that the European allies had failed to take sufficient economic sanctions against the Soviet Union following the declaration of martial law in Poland, saying that, in general European sanctions have paralleled U.S. sanctions "in

scope and severity."

One exception, the report said, was disagreement about a U.S. attempt to block or delay construction of a natural gas pipeline from the Soviet Union to Western Europe, adding in a reference to Mr. Reagan's lifting of export restrictions on U.S. grain that "Europeans resent U.S. willingness to sacrifice their pipeline but not our

The report also made glancing reference to a still-unresolved debate within the Reagan administration on East-West economic policy, in which Defense Department officials have urged more punitive economic policies toward Moscow than has the State Department. The report said the administration's policy "remains in This assessment by Sen. Biden, the formative stages with s who is the second-ranking Democrat on the Foreign Relations fare while others advoca Committee, was in sharp contrast. limited trade restrictions." the formative stages with some advisers advocating economic war-fare while others advocate more

2 French Ministers Split Sharply

taing, a conservative.





ROYAL SPLASH — Princess Anne cleared the barrier but landed with a splash at Horse Trials in Badminton, England. Neither the princess nor the horse was injured.

# Rising Crime in Britain **Becomes Political Issue**

By William Tuohy Los Angeles Times Service

LONDON - Britain long has been known as a land of law and order, where policemen are not armed and rules generally are re-

spected. But that is changing. In recent weeks, law and order has been shaping up as a contro-versial political issue, one that may play a part in the next national election campaign.

Police statistics published recently showed that last year was

the worst in many crime categories since records first were kept. Coming after last summer's rioting in London and other cities, the statistics provoked a powerful reaction.

Some Conservative Party members promptly criticized Home Secretary William Whitelaw for being soft on criminals. Others

called for the reinstatement of capital punishment, which was abolished in 1965. They put forward an amendment to the annual crime bill that calls for a debate on eapital punishment, a move that was voted down by Parliament in 1979.

It is a debate the government would just as soon avoid, but it probably will lead to a vote ou the issue. In such votes on matters of conscience, members of Parlia-ment are freed of the pressure of following their party line. In the past, proposals to restore capital punishment have been rejected by comfortable margins.

The issue has tended to divide the country along political lines. The Conservative Party has firmly supported the police, while the opposition Labor Party often has criticized police actions.

The leader of the Greater Lon-don Council, Ken Livingstone, a left-wing Labor Party member, re-cently disputed the selection of Sir Kenneth Newman as the new head of Scotland Yard. Mr. Livingstone charged that when Sir Kenneth was head of the Royal Ulster Constabulary in Northern Iteland, he ultimately was responsible for the hrutal treatment of some suspects. tion and perpetuate advantages

Mr. Livingstone's charge drew a commentators. Paul Johnson, a columnist, wrote in the Daily Mail that while Mr. Livingstone was "savaging" Sir Kenneth, the man who would be home secretary in a Labor Party government, Roy Hattersley, "was engaged in competitive criticism" of the present head of Scotland Yard, Sir David McNee.

### Labor Blamed by Some

Many political observers think that the Conservatives would gain more than the Laborites if law and order became a decisive political

There is a feeling among many Britons that the surge in criminal activity can be traced back to permissive Labor governments, both national and local, and to nonwhite immigrants who tend to support the Labor Party.

# Mitterrand Can't Sway Japan on Trade Issues

Trade and economic issues were the main points of talks between Japanese officials and the delegation led by Mr. Mitterrand in his ummit of the major industrialized nations, Mr. Mitterrand's visit was

a French head of state to Japan.
[Tokyo airport officials said Mr. Mitterrand left Japan on Sunday, Reuters reported. On his way back to France, the French leader scheduled a short stop in Van-couver, Bruish Columbia, for talks and dinner with Prime Minister Pierre Elliott Trudean of Canada. French officials said the brief session would be part of the preparation for the summit meeting of

sailles. France, in early June.] During his stay in Japan, Mr.

of Foreign Affairs. The Japanese, however, do not appear to have made any significant response to the French requests. A joint statement on trade

that was specific or likely to in-crease sales of French products to Japan. The statement noted that Japan has bought 15 French belicopters in the past year and that negotiations for the purchase of an additional 37 are in progress. In addition, tariff rates on French brandies will be reduced slightly in the next fiscal year.

The statement noted that talks in several areas will be continued, including the possible purchase of French Airbus jets by Japanese airlines. Finally, procedures for importing flour suitable for making baguette, a French bread, will be "facilitated."

curhs on Japanese products, threats of placing more trade barriers by France would be empty. For example, through government guidance to its importers. France re-stricts the Japanese share of the French car market to 3 percent or

is already closed to us."

Because of protective restric-tions in both countries, trade be-tween the two countries is relatively small, amounting last year to \$3.39 billion, according to the Jap-anese Ministry of Finance. By con-trast, overall trade between the United States and Japan last year was \$59.4 billion, the U.S. Commerce Department reports.

Moreover, the French trade defi-cit with Japan of \$1.05 billion in 1981 was less than half the deficit with Japan posted by either Brit-ain or West Germany. Still, the French deficit with Japan has doubled in the past three years.

he would like Japan and France to be "good parmers" before being

# Schmidt's Party Faces **Munich Congress With** New Problems Possible

By John Vinocur New York Times Service

BONN - The Social Democratic Party begins a weeklong conven-tion in Munich on Monday that carries the possibility of new problems for the government of Chancellor Helmui Schmidt and NATO security policy.

Coming at a time when the party has suffered severe losses in regional elections and appears deep-ly split on a series of issues, the congress offers, as Mr. Schmidt has acknowledged, no likelihood

of smooth sailing.

The question for the chancellor's supporters is the extent to which unavoidable floor fights can be contained to prevent further damage to the reputations of Mr. Schmidt or the party. The observers are not just West German voters, but also the Free Democratic coalition partners, who must de-cide whether the Social Democrats remain acceptable associates, and the Western allies, who have raised questions about the party's stance on security issues.

Mr. Schmidt can expect trouble

in three areas: security policy, ci-vilian use of atomic energy, and economic policy. The first question is the most sensitive, because Mr. Schmidt said a year ago that he would resign as chancellor if the party rejected support of the NATO decision on deploying new U.S. intermediate-range nuclear missiles in Western Europe. The alliance plans to deploy the mis-siles at the end of 1983 if current talks in Geneva between the United States and the Soviet Union bring no concrete results.

Throughout the winter, virtually every other weekend produced a regional party convention in which the NATO plan was challenged. It is believed that Mr. Schmidt has enough votes at the convention to fight off any frontal attempt to discard the party's support of the alliance program, but a much closer battle is expected on a moratorium motion that the party's left wing

This moratorium, or freeze plan, has little relation to proposals made in the United States, notably by Sen. Edward M. Kennedy, Democrat of Massachusetts, and Sen. Mark O. Hattield, Republican of Oregon, for joint, verifiable halts in deployment of nuclear

Rather, the proposal in Munich will call ou the party to back a freeze on deployment and preparations for deployment of new Pershing and Cruise missiles while the Geneva talks continue. Its opponents within the party's moderate grouping say this is a one-sided initiative that would eliminate any Soviet interest in serious negotiathat the Soviet Union commands from the 300 SS-20 missiles it has

already in place. This would not be a direct reject tion of the NATO plan, but Egon Bahr, the party's disarmament expert, has gone so far as to say that passage of a moratorium proposal would in effect kill the alliance program.

Mr. Schmidt has not made clear what his reaction would be to a vote in favor of a freeze, although he has said that his hehavior as chancellor is governed by the West German Constitution and not by the decisions of his party.

Even if the more orthodox security motion proposed by the party's executive committee passes, it will not square entirely with what Mr. Schmidt has said his policy is. Without any government attempts at denial, West German newspapers reported this week that the United States and France have privately expressed concern about the leadership's monon.

It states that there is no "automatic link" between lack of prog-ress in Geneva and deployment and that the party must have its say before any deployment can take place. By contrast, Mr. Schmidt asserted last November that the talks must "lead to a result by the summer of 1983, Otherwise, after that, at the end of 1983, we will station here."

The French concern involves a line in the motion backed hy the party leadership that recommends that British and French nuclear weapons be brought into the Geneva talks, a position rejected by the West German government as well as Paris and Loudon.

The atomic energy issue involves a motion, which has wide support, that calls for a two-year moratorium on the construction of nuclear reactors. The chancellor is opposed, saying that this would place West Germany in a disadvantageous competitive position in

### Brandt on Missiles

BONN (AP) — Willy Brandt, the Social Democratic Party chair-man, said on national television Sunday that all members of his party agreed it is "highly undesirable to deploy new [U.S.] missiles on German soil."

Erhard Eppler, a leading oppo-nent of Mr. Schmidt's military policy and the missile deployment, said on the same television program that party opinion on the nuclear weapons issue had "changed markedly" since 1979.

He indicated that the Munich congress would do nothing to unite the party as Mr. Brandt and Mr. Schmidt swore and hoped it



The explosion hurled girders and broken glass across the stree

# **Bombing in Madrid Knocks Out Phones**

MADRID - Gunmen believed to be Basque guerrillas blew up a key Madrid telephone exchange early Sunday, causing havoc in communications.

Company officials said up to 700,000 telephone lines were cut off, isolating Madrid from several cities and several cities from each other in central and eastern Spain. International communications were also affected.

Among the local lines affected were those of the Interior Ministry and several other ministries, several embassies, parliament and the national news agency. Some lines were affected at the office of Premier Leopoldo Calvo Sotelo, who summoned an emergency meeting of Cabinet ministers.

Salvador Sanchez Teran, president of the telephone company. said the damage was "very se-rious" and could not be repaired immediately. Four hundred technicians were called out to try to restore communications.

Responsibility for the explosion was not claimed immediately. But the Basque guerrilla organization ETA threatened Friday to launch an offensive against security forces before the World Cup soccer games open in Spain in June.

At least three persons were slightly injured when about 170 ki-lograms (375 pounds) of explosives went off in the four-floor huilding. According to the police, five gunmen posing as policemen en-

ered the huilding to inspect phone facilities for the soccer tourna-ment. They held night-duty staff at gunpoint, planted the bombs and then fled.

Two passers-by were injured when the blasts blew huge holes in the building and hurled steel girders and broken glass across the street. A fireman was injured while putting out the fire. On Friday, the ETA said it was

iving security forces 30 days to leave the Basque country or face increased attacks. The military wing of ETA - the letters are the initials in the Basque language for Basque Homeland and Liberty fighting for an independent Marxist country and regards the

security forces as occupiers.

The promised offensive appeared to pose a major threat to security for the soccer competition opening June 13. France, Czechoslovakia, Kuwait and England will play in the Basque city of Bilbao on that day.

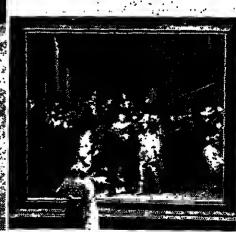
Interior Minister Juan José Roson said over national radio that ETA's military wing seemed to have mobilized its estimated 40 to 50 guerrillas in a string of attacks during recent days. "We could be facing their great final offensive,"

Security measures were stepped up around radio stations, power and transport facilities and strategic points in Madrid while police and the Civil Guard manned roadblocks ourside the city.

# Give the folks back home a picture of Europe and save enough on the call to paint the town.

When you're having the most colorful trip of your life, let your family and friends have a "look" right along with you. Give them a call. But first, check out all the money-saving tips below, so you can give Europe's high prices the brush.







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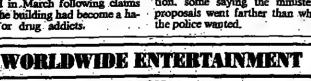
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On Police Powers and Security Law creasing divergence of views - Conservatives approved of Mr. PARIS — When President among the rolling Socialists.

François Mitterrand returns Monday from his five day visit to Jatha a law, designed to toughen the Charles Pasqua, head of the neo-Gaullist opposition group in the penal code, passed late in the term of President Valery Giscard d'Es-

National Assembly, said Mr.

Defferre "today has opened his

The so-called "security and lib-erty" law included an end to suseyes to reality." While in opposition, the left condemned what it called the pended jail terms and parole for some repeat offenders and fixed repressive ideology of the conservafive governments. Since taking power last May, the government has abolished the death penalty, the state security court, military mandatory sentences. It also gave police a wider power to make iden-The bill was hotly contested by the Socialists, who were then in trihunals in peacetime and maxi-

opposition.
Mr. Badinter, a liberal lawyer,
has made abrogation of the law the mum security areas in prisons. Those measures, however, were seen as largely symbolic and, when faced with the reality of dealing top priority in plans to revise the penal code. However, when the with crime, opinions among gov

project was brought before the Cabinet carlier this month, action was postponed, leading some obernment leaders have varied.

The magnitude of the split is not clear, but there is little doubt that Mr. Mitterrand is coming home to one of the most difficult problems of his I I-month-old government.

servers to believe there were serious differences of opinion in the

government's top leadership.

"Identity checks are one of the essential arms of preventive policing which I intend to stress," Mr. Defferre told the police officials.

On the use of lirearms, police now are allowed to shoot only when their lives are threatened.

Mr. Defferre wants to give them. Mr. Defferre wants to give them more flexibility, giving them the right to shoot after a warning.

Opposition was immediate. "A disquieting idea appears through the proposals of the interior minister: a France of 54 million suspects," the leftist-leaning daily Le Monde wrote.

The Professional Association of Magistrates said, "Our first reaction to the declarations of the interior minister is astonishment," and that the firearms proposal could lead "to the right to kill." Lawyers' organizations denounced it and police unions gave a mixed reception, some saying the minister's proposals went farther than what the police wanted.

By Steve Lohr

New York Times Service TOKYO — During his five-day trip to Japan, which ended Sun-day. President François Mitterrand of France was offered what one Japanese government official described as mostly "tea and sym-pathy and politesse" in talks cover-ing Japan's buge trade surplus with the West.

visit here. Though former Presi-dent Valery Giscard d'Estaing was in Tokyo in 1975 for an economic the first official trip ever made by

leaders of the world's seven main industrial nations at which Mr. Mitterrand will play host in Ver-

Mitterrand urged Premier Zenko Suzuki to take steps to reduce Japan's trade surplus. At the same time, the five French ministers who accompanied Mr. Mitterrand held more detailed discussions with their Japanese counterparts.
"His ministers were trying to win trade concessions," said Shohel Naito, spokesman for the Ministry

issued Thursday contained little

Since France already has strong

"We have nothing to fear from France," a leading Japanese trade official said. "The French market

Mr. Mitterrand emphasized that

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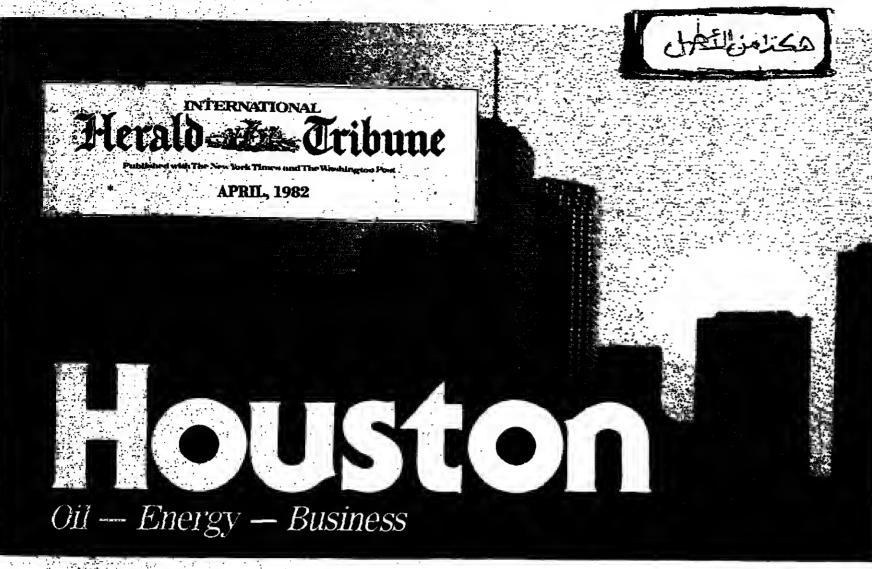
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# U.S. urged to reduce dependence on energy from developing lands

By Barbara Shook . -

LIOUSTON — The United States and other industrial nations should not count on oil and gas discoveries in developing countries to supply future energy needs, according to Houston energy executive H. F.

Kepinger.

Most strategists are overlooking the fact that developing countries are using two to three times as much energy for the same amount of output as developed countries, Mr. Keplinger said.

In addition, much of the petroleum found in these countries will be

required for the industrial, agricultural and other domestic needs of the country. He notes that agricultural operations are particularly energy mensive and that a fuel shortage would affect food production.

Mr. Keplinger is chairman of the Keplinger Companies, an interna-

tional energy consulting firm that provides engineering, field supervision and management services to the petroleum industry around the world. He cited Mexico, China and North Sea countries such as Britain and Norway as nations that probably will be short-term petroleum exporters. Eventually, however, each country's internal demand probably will equal or even surpass its own production capabilities.

Exports for Funds

In the case of China, in particular, Mr. Keplinger said he believes that oil exports would be made to provide funds to finance further develop-

oil exports would be made to provide funds to finance further development of petroleum resources and the general industrial base.

Whatever happens elsewhere, Saudi Arabia is the key to the whole world energy squariori, Mr. Keplinger said. For one thing, he added, Saudi Arabia can energ enough pressure to force purchasers to continue to take more expensive crude from Nigeria and other members of the Organization of Petroleum Experting Countries:

According to Mr. Keplinger, Saudi Arabia has a much more sophisticated approach to energy and a national energy policy than the United States. He said that the Saudis were smart enough to be able to keep the price of oil just below the level necessary to make many alternate energy

projects feasible.

The price-setting function, however, is becoming less of a political

action and more of a response to the market place, he said. This has been demonstrated by the current situation. Prices will continue to be depressed for another three to six months

before they start tising again, he predicted. The mix of posted prices and lower spot market prices will continue through the fall or even into early 1983, he said.

### Firmer Market

By that time, stocks in storage will have been drawn down, and the overall market will firm up. Mr. Keplinger forecast that prices will be around \$35 a barrel and then will increase at the rate of inflation, plus 1 to 3 percent annually through the end of the century.

Hovering over the stability of the Middle East, Mr. Keplinger noted, is (Confirmed on Page 10S)



The Offshore Technology Conference is an international technical meeting and exhibition devoted to the development of ollshore resources and the protection of the ocean environment. The conference was found-

ed in 1968 and is jointly sponsored by 11 of the world's most prominent engineering and scientific societies. The conference's sponsoring societies represent a combined membership of more than 400,000 engineers, scientists and business executives.

### offshore technology awards for Huntsinger and Shell

HOUSTON - Fritz Huntsinger Sr., founder and chairman of the board of Vetco, Inc., of Ventura, Calif., and Shell Oil Co. have been named recipients of the 1982 Offshore Technology Conference Award for Individuals and Compa-

The awards will be presented May 3 at the Offshore Technology Conference in the Houston Astrodomain. Vetco is a manufacturer of drilling, completion and production equipment for land and offshore. Mr. Huntsinger received the award for his 50 years of technological achievements and for his contribution to the development of subsea wellheads, blowout prevention equipment, control systems and marine conductors for offshore drill-

ing and production operations.

Shell was honored for the development and installation of the Cognac Platform, the tallest and heaviest steel platform ever constructed. It is situated 39 miles off the coast of Louisiana. The OTC cited Mr. Huntsinger for both his professional and

humanitarian activities. During the last 10 years, Vetco had developed a hydraulic motion com sator for use in floating drilling, and the UNI-FLEX joint, which was used to drill a record water-depth well. The company also developed a tie-back system as part of a subsea production system, which permits connecting subsea wellheads

back to the permanent platform.

The Cognac Platform, bailed for its engineering and installation, is placed in 1,025 feet of water the deepest for any fixed-leg platform — and weighs 59,000 tons. It is 175 feet taller than any other drilling platform. It is also the world's first three-part platform and is designed to withstand winds of 140 miles per hour and 70-foot high

Cognac represents an investment of nearly \$800 million. The platform alone costs \$265 million. When full production begins in mid-1982, the platform's 61 wells will have a daily peak production of 50,000 barrels of oil and 150 million cubic feet of natural gas.

# city of the future today sets sights on the world

By Maureen Sherwood

HOUSTON — Houstonians are proud of their city: a cluster of glass skyscrapers ringed by refineries and tract houses on a muddy plain in East

They tend to talk of Houston in superlatives — the fastest-growing city in the United States; the world's largest exporter of grain and oilfield equipment; the city of the future today. And if Houston's freeways are not exactly paved with gold, they are certainly lived not the large to the control of the large to th lined with luxury cars - usually snarled in traffic

jams along with the compacts.

The lure of prosperity has drawn people to Houston from around the world. The city's population has skyrocketed from 600,000 in 1951 to more than 3 million today. Immigrants are flocking to Houston at the rate of about 800 a week from the hard-hit industrial north, from Mexico, but also from Australia and Bra-

They come, of course, for the jobs — and Houston has jobs, at least for skilled white-collar workers. The Houston Chronicle boasts more want-ad pages than any paper in the United States - 90 were counted in a recent issue. For this reason, the paper is a big seller in depressed northern urban regions. For unskilled, blue-collar workers, bowever, jobs are hard to find in

Business Climate
Corporations are arriving in town almost as quickly. A recent study by Dun & Bradstreet concluded that Texas had the most favorable business climate of the country's 48 continental states. There is no state income tax, no corporate tax and few unions. To executives, such conditions are almost irresistible, and since 1970 more than 200 major American corporations have relocated in Houston, including giants such as Shell Oil and Kellog.

Internationally, too, Houston is big on the map.

More than 50 countries have consulates here. About 20 percent of the huildings in the downtown area are foreign-owned. Sixty-three foreign banks from 18 countries have offices here, and there are more than 600 foreign companies Visitors from abroad spend about \$150 million an-

nually in Houston stores. On the investment side, real estate in Houston is being bought heavily by foreign investors finding land and buildings here cheaper than elsewhere and less complicated to acquire.

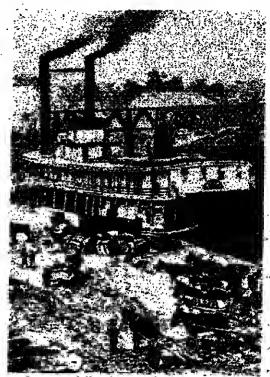
Houstonians maintain that money can be made here more easily than virtually anywhere else in the

You can stand on the corner of Lamar and Louisiana [in the center of town] with a fist full of money and find all the technology you need to get into the gas and oil business," said John F. Bookout, president of Shell Oil. "And if you don't have the money, in the same five blocks you can get all you need from the financial institutions?

That sort of hell-for-leather attitude is rooted in Houston's history. It is an appropriate irony that Houston was founded by two Northern brothers seeking "unrestrained capitalism" in the South, August and John Kirby Allen were estate promoters who put down \$1,000 for half a league of land and named it after Sam Houston, the Texas hero who had recently defeated the Mexican army at San Jacinto, about 20 miles south of Houston. Houston was soon established as a major shipping

center for the region's cotton, timber and cattle. But the real break came when oil was discovered at Spindletop in 1901 and soon after that at Humble near Houston. By 1920, oil corporations such as Texa-co, Gulf, Sinclair and Humble (later Exxon) had begum refining operations in Houston.

Each subsequent rise in the price of oil has generated more cash for the city. The Arab oil embargo of 1973-74 proved a windfall for Houston. In 1979 with



Steamer delivering goods a century ago.

the worldwide oil glut, more than 1 billion barrels of oil were produced in Texas, creating more than \$12 billion in revenues. Most of that petroleum — and cash — passed through Houston, which, as the head-quarters for more than 400 oil companies, is "oil city." According to Pennzoil chairman, J. Hugh Lierdtke: "If you want to be in the ball game, you have to be in the ballpark, and this is the ballpark."

Houston's oil wealth has been channeled into other ventures too. A multibillion-dollar petrochemical complex has sprung up along the deep channel link-ing Houston to the Gulf. Houston is also the nation's leading supplier of fertilizer and agricultural chemicals such as nitrogen and sulfur. The city is the second largest international financial center in the United States, second only to Wall Street.

The Port of Houston leads the country in foreign trade, with 53.7 million tons of imports and exports in

### Foreign Patients

Medicine is another major industry here. The Texas Medical Center is the city's single largest employer, with almost 30,000 on the payroll. Hospitals like the Texas Heart and Cancer Institutes last year attracted more than 6,000 foreign patients.

Residents are happy that "Houston" was the first

word uttered hy man when first he stepped onto the moun - a reference to the radio call name of Nationai Aeronantie and Space Administration's mission control located at the Johnson Space Center.

Though Houston has come to be called Space City, the Space Center has proven to be more of a public-relations and tourism bonanza than anything else. It employs only 3,000 people. In fact, the Houston location was chosen mainly at the urging of the then vice president, Lyndon Baines Johnson — a Texan. Contrary to popular belief, the space center has not

spurred the deevelopment of a space technology and acronautics industry in the area.

But Houston has carned a name for itself as an international travel center. A new terminal was recently completed at the Intercontinental Airport here costing \$114 million, and another is scheduled to (Continued on Page 9S)

# moving fast with free-enterprise spirit

By Jennifer Lawrence

HOUSTON — Houston's fast-moving and increasingly crowded freeways, dotted with Cadillacs, Mercedes-Benzes and pickup trucks, capture the free-enterprise spirit of the

Driving the freeways requires a certain bravado, a quality helpful in making it in Houston. If you can figure out the system, you can get anywhere. There are no speed limits to upward mobility in this city that prides itself on having few barriers to those who want to succeed.

Like the freeways, the city embraces people of all types and backgrounds who come to

Houston in pursuit of the American dream. For city's Medical Center, Former astronauts like many Americans that means simply having Alan Shepard and Walter Cunningham show steady employment, which they hope to find here. But beyond the everyday lives of everyday people there is a Houston way of life that gives the city character. It is part J.R. Ewing (of the television show "Dallas"), part urban cowboy and part Scarlet O'Hara.

It's a city of "good old boys" who nevertheless last fall elected a woman, Kathy Whitmire, as mayor. George Bush, John B. Connally, James Baker and Leon Jaworski call Houston home. Two rival heart surgeons, Michael DeBakey and Denton Cooley, are neighbors at the

Alan Shepard and Walter Cunningham show up at parties from time to time.

Getting somewhere and being someone is what Houston is all about. Usually it requires making, having or spending money. Even the appearance of money is a plus - like the greentinted Allied Bank Building under construction downtown in the shape of a dollar sign.

Houston makes no bones about its infatuation with money because money represents success. Like a newly made millionaire, Houston

(Continued on Page 9S)



# oil sets the pace in energy capital of the world

By Ryan Bernard

r BONDS

HOUSTON—Oil dominates this city. It is known as the energy capital of the world for good reason: all but one of the top 35 major oil companies have headquarters or offices-here, and along with hundreds of other local oil-related companies, they carry the world's greatest, concentration of energy knowhow from Houston around the world.

Whether on Alaska's North Slope, the North
Sea, the Gulf or off the coasts of China —
wherever oil is being produced there is probably someone with a Texas accent at the con-

The industry has left visible marks every-where. Here, monolithic skyscrapers like the Tenneco Building One Shell Plaza, the Gulf Building Pennzor Place and the Exxon Building dominate the skyline. Hundreds of silver distillation towers line the shores of the Houston Ship Channel and nearby Galveston Bay, where half of America's petrochemicals and one-fourth of its refined petroleum are produced. Miles of tubular steel for drilling and pipeline construction lay stacked in mammoth pipe yards alongside some local highways. In some areas, giant oil tanks hold bulk caude oil

and distillates en route to the refining process. Economic analysts, when asked to estimate how much the oil industry contributes to the local economy, balk but they all agree that the contribution is major, if not pervasive. "Just about all [of the local economy] is related to the oil industry in one way or another," said Carol. Bennett, assistant vice president and economist at Texas Commerce Bank. "I don't consider myself in the energy industry, for example, but so much of what I do is energy related. Probably 20 percent of my time goes into following

The oil boom hit Houston in the early 1900s, at a time when it was already a prosperous cotton and humber trading center. Oil was first discovered in commercial quantities in Texas in 1901 at an oilfield called Spendletop, about 90 miles east of Houston near Beaumont. Later discoveries were made at fields with names like

most legendary figures: the independent oil-men, the wildcarters, who accounted for much of the production of oil.

Some were flamboyant, like "Silver Dollar Jim". West, who lined his vestpockets with handfuls of silver dollars, or pioneer oilman Michel T. Halbouty, whose silver name and handlebar moustache have become his trademark. Some were born into the business, like Glenn McCarthy, the legendary wildcatter who grew up in the oilfields, became a millionaire at 26 and served as a model for a major character in Edna Eacher's provid "Girne". in Edna Ferber's novel "Giant."

Others came to it from different occupations. like James Abercrombie, the dairyman who started his own production company and later founded Cameron Iron Works, a major producer of cilfield hardware; or George Brown, co-founder of Brown & Root, one of the world's largest construction firms, who made his second fortune in oil.

Some used their oil money to move into other lines of business, like John W. Mecom, once proclaimed the nations's third largest independent oil producer by Time magazine, who diversified into hotels, industry and ranching. Others used their fortunes to help build Houston, like Hugh Roy Cullen, who contributed heavily to the University of Houston and the Texas Medi-cal Center, R. E. Bob" Smith, who helped create the Astrodome; or George Mitchell, who built a model village called "The Woodlands" just north of Houston's Intercontinental Air-

Major oil companies also saw their beginnings in the nearby cilfields.

Prominent Houstonian Ross Sterling helped found Humble Oil Company, which later be-came part of Exxon, and J. S. Cullinan helped found the Texas Company, which later became Texaco. Eventually, many of the same pioneers or their business descendants were instrumental in carrying petroleum technology to Libya, Saudi Arabia, Iran, Venezuela and Indonesia, and later to the North Sea, Australia and the

Goost Greek Corsicana, Damon Mound and As Houston and the oil industry grew Humble Ministry inackly became a natural through two world wars and the Depression, an center for exploration and refining activity in entire set of support industries grew up with it. As Houston and the oil industry grew through two world wars and the Depression, an

Besides the wildcatters, geologists and oil majors involved in the search for oil and natural gas, there were seismic companies to aid in exploration; drilling companies to drill the wells; tool companies and fabricators — like the Hughes Tool company, the creation of the late Howard Hughes — to manufacture the oilfield machinery, drill bits, piping and structures; "mud" companies to furnish the drilling fluids: refineries like those operated by Shell, Gulf and Exxon to produce fuel and lobricants; petrochemical plants like Dow Chemical and Monsanto to produce plastics and synthetics; pipeline companies like Texas Eastern to transport

the oil and gas underground; and many more. There were even banks that got their major impetus from financing the oil industry, and lawyers dedicated to the intricacies of oil law-

Today, this giant complex of industry makes up the nucleus around which Houston's economy bums, and there is no doubt that oil is re-sponsible for the visible level of prosperity here. But there is a nagging suspicion that Houston may be too dependent on oil; that the inevitable shift away from oil once petroleum sources are depleted will leave Houston without an economic leg to stand on. The Chamber of Commerce takes pains to point out, as it does in its yearly fact sheet, that Houston has experienced increased economic diversification over the past two decades."

But Dr. Russell G. Thompson, president of Houston-based Operational Economics, Inc., comments: "With higher oil prices, the Houston economy has become more concentrated [around oil], because that's where the bucks were to be made." Mr. Thompson believes that the fortunes of Houston's economy can be directly tied to the price of oil. "Lower oil prices are bad news for Houston," he said, pointing out that the recent tumble in the price of oil was followed by a quick slump in drilling activities."

The number of active drilling rigs nationwide decreased 17 percent over the last three months. This type of slump can create ripple

(Continued on Page 8S)

# international trends expanding law firms

By Mimi Swartz

HOUSTON — When two sons of billionaire H. L. Hunt were confronted with a \$210-million claim that they, along with British Petroleum, had created a boycott of expropriated Libyan oil, the Dalias

entrepreneurs turned to their lawyers — in Houston.

Houston, a city whose residents have enthusiastically perpetuated Texas's "biggest and bestest" mythology can honestly champion their pres-

as's "biggest and bestest" mythology can honestly champion their presence of several of the world's largest and finest law firms.

Vinson & Elkins, with 297 lawyers — up from 186 in 1973 — and Fullbright & Jaworski, with 290 attorneys, rank third and fourth in size in the United States. The remaining "big six," Baker & Botts; Butler, Binion, Rice, Cook & Knapp; Bracewell & Patterson; and Andrews and Kurth range in size from 235 to 112 attorneys. These firms pride themselves on the full range of services offered. Though they usually refuse divorce, plaintiff's personal injury and criminal defense work, most employ specialists in corporate, tax, real estate, probate, patent and internaploy specialists in corporate, tax, real estate, probate, patent and interna-

### Expand in Wealth

The Houston firms were thriving long before Houston became an international urban center. Baker & Botts, the oldest, was established in 1866. The firm grew by representing East Coast interests in Texas. Vinson & Elkins and Fullbright & Jaworski got their starts with local businesses just after the turn of the century. The firms expanded in size and wealth as their clients — local banks and businesses — thrived in Houston's healthy economy.

Vinson & Elkins and Fullbright & Jaworski have remained closely associated with two of Houston's largest banks, First City and the Bank of the Southwest. And, as the empires of Houstonians like the late Howard Hughes, builder Walter Mischer and developer Gerald Hines expanded, so did the fortunes of their respective law firms Andrews & Kurth, Baker & Botts, and Bracewell & Patterson. Many of the firms have now added offices in London and Washington to their Houston

### **Political Connections**

The Houston firms are increasingly well connected politically as well. White House Chief of Staff James Baker 3d was an Andrews & Kurth partner. Former U.S. Treasury Secretary and Texas Governor John B. Connally works at Vinson & Elkins, while former Watergate special prosecutor Leon Jaworski serves the firm that bears his name.

Crowing is common: In the American Lawyer's Guide to Law Firms.

attorneys for Baker & Botts describe R. Gordon Gooch, former general counsel to the Federal Power Commission as one of a half dozen "of the most expensive lawyers associated with a Houston firm."

The expansion of the firms' international practices parallels the increased U.S. dependence on foreign oil in the 1970s. While large Houston-based oil companies were once able to import oil by simply dispatching purchase orders to their foreign refineries, the rise of nationalization and the increased costs associated with foreign exploration and production have made for a more complex situation involving rights negotiation, joint venture organization and international arbitration. The oil companies and oil-related industries - also centered in Hous-

ton - assigned this business to their law firms. Vinson & Elkins was recently involved in writing the petroleum laws for Nigeria. Baker & Botts has represented clients involved in the construction and operation monus. This type of simple can create tipple of simple can create tipple of liquefied natural gas projects and chemical plants around the world. They have also assisted with corporate reorganization for worldwide machinery," Mr. Thompson said, "there is a offshore drilling companies working in the North Sea and Mexico.

(Continued on Page 8S)

# **HOUSTON LIVING** WITH BEAUTY, PRESTIGE, **LOCATION!**

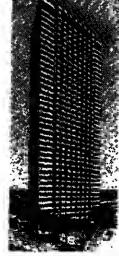
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ties, an elegant lobby, residents' lounge, private party suite and meeting room.

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scaped walkways and a highly advanced security system. The suites are elaborately designed, with wide balconies offering views.

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For brochures, floor plans and specific prices on Bayou Bend Towers and The Spires, write Mr. John Sowell, Campeau Corporation Texas, Bayou Bend Towers, 101 Westcott, Houston, Texas 77007, U.S.A. Or telephone 713-880-3338.

4:5

### cultural exchanges add new dimension to arts Pror

By Mimi Swartz HOUSTON — Just a few weeks ago, a flight left Houston arrying members of the Houston Ballet on their first European mur. den to feel and the same flight carried lyne sopration to make the same flight carried lyne sopration to Mirella Freni, who, with several other European artists, had just den to make the Houston Grand den to the Houston Grand dm 100 hair performed for the Houston Grand on 100 hair performed Cultural exchange has dm 125 hair come to Houston. The city that has

some ional wheeling and dealing is out dm 150 Occo Honal arts scene. The arts are booming here: Houston now boasts a growing symphony orchestra, opera and ballet companies that have attract-CC ed international attention, and two

come to Houston. The city that has

gained a reputation for interna-

fine arts museums, with a third on Not that Houston - or Texas ever really deserved its reputation as a cultural backwater. Wagner's Parsifal premiered in Houston in 1906, eight years before it reached London. After a Russian symphony orchestra performed here in 1913, philanthropist Ima Hogg. the daughter of a Texas governor. supported the establishment of a Houston symphony, in the 1920's. Hogg's brothers and their friends - oilmen involved in the company that would uttimately become Exxon - became early contributors to

The nationally acclaimed Alley Theater opened in 1947, and Houston received international recognition in the 50's and 60's ben Leopold Stokowski conducted the symphony and James Johnson Sweeney was director of the Museum of Fine Arts.

But the oil boom of the early 70's bas attracted a new generation visionaries with new plans. Houston bas no cultural traditions we have to stick by, we can carve out our own niche," said Jack Mastroianni, artistie director in charge of development for the Houston Grand Opera.

The opera's general director, David Gockley, came here express-ty to forge a wider audience for conventional operas and to popularize the tradition of American musical theater by revitalizing works like Gershwin's "Porgy and Bess" and "Treemonisha" by Scott Joplin. Critic Barbara Rose joined the curatorial staff of the Museum of Fine Arts to resume her study of Old Masters and to direct the museum's international exhibitions. This year, her shows will feature works by Fernand Leger and Joan Miro.

Ballet master J.B. Cerrone left Monte Carlo and retirement in 1980 at the request of Houston Ballet artistic director, Ben Steven-son. Why Houston? "The chal-

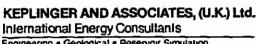
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### lenge," says Houston symphony executive director Gideon Toeplitz, an Israeli who left the Boston symphony to come to Houston earlier this year. "You lose a lot of steep; there are so many chal-

### Newcomers' Works

A new and substantially enlarged audience witnesses the work of these newcomers. "The orchestra was always a fine orchestra, but it belonged to a small group of people," says symphony artistic adviser Sergio Comissiona. As Houston's population increased, so did the number of people interested in the arts. Opera subscrip-tions have risen from 4.1t3 to 13,500 since 1972, the year of Gockley's arrival. Museum membership is up 40 percent since 1977, and the ballet now boasts self-out crowds and a 60-percent

While Houston audiences may not always be sophisticated, they are eager. The hallet for instance, has an unwritten plan to get the audience on a more sophisticated diet of ballet, says Tom Fredericks, marketing director for the Houston Ballet. Five or six years ago, when touring dance companies ignored Houston, the Houston Ballet's season consisted almost entirely of classical programs, like

subscription rate.

Swan Lake. In contrast, this year's program consists of works by modern masters Frederick Ashton and George Balanchine, as well as a ballet by Dutch choreographer Farrell Dyde, Nevertheless, the Houston audience remains a general-theater audience rather than a specialized one. "It's nothing like New York where you see the same crazed people who come back because they have to see ballet," affirmed

criminate artistic appetites is vanin Texas artists.

protected Houston's arts institu-critic complained. Younger, more bucks and their cars it's tious from the economic problems experimental theater companies joy the culture, be said.

from 10 years ago, when the Paris Opera Ballet's \$500,000 price tag was prohibitive. "The thing that makes the city click is the strong sense of community pride," says Mastrojanni of Houston's historic boosterism. Houstonians love a winner. Opera donations skyrocketed when Gockley received a Tony Award for "Porgy and Bess" in 1976. Annual giving to the Mu-seum of Fine Arts has more than doubled in five years, from \$320,000 to \$750,000.

Recently, corporations and private foundations have eclipsed the generosity of private patrons. Fundraisers earned \$32 million of the \$65 million needed to build the proposed lyric theater in under two years; Gulf Oil contributed \$500,000; Shell donated \$1 million, and the Wortham Foundation contributed \$15 million. And though the national average is 3 percent, 15 percent of the opera's hudget comes from corporations.

One reason for such corporate generosity is Houston's bottom-line approach to artistic endeavors. Marketing directors are as important as artistic directors here; groups are promoted on T-shirts, television and radio, Both the museum's Barbara Rose and the opera's Gockley have been criticized for contributing to this commer-cialization of the arts. A recent Wall Street Journal article labeled Gockley the "P.T. Barnum of Op-era" and mentioned that he cut 30 minutes from a production of "Die Meistersinger" and 20 minutes from "Carmen" in an effort to hold down costs. Barbara Rose's hiring created a controversy when it was discovered that she would continue to write art criticism, particularly for Vogue magazine, while serving as curator.

However, the stereotype of the Curiously, local theater has suf-nouveau riche Texan with indis- fered from a failure to thrive. Curiously, local theater has suf-Though the Alley Theater plans a ishing. "You see it in what they don't take," noted Warren Hadler, of Houston's Hadler/Rodriquez gallery. "They used to take every thing." Local gallery owners note another trend: European interest in Teves entities. servative audience that was the Affluence and enthusiasm have only audience to years ago," one

find funding in short supply. Ted Swindley, artistic director of Stages, n new theater group, believes many Houstonians now like to invest in more established arts or-ganizations. "They'll go to a place they'll be seen," he said.

But, money is not the only reason international artists are drawn to Houston. Often, personal friendships and Southern hospitality make the difference. The former director of the Pompidou Center in Paris gladly shares a panel at the Contemporary Arts Museum with friend and patron Dominique DeMenil, who was recently made an Officier de l'Ordre des Arts et des Lettres in Paris for her work in furthering better artistic relations between the U.S. and Paris.

Leonard Bernstein personally selected John DeMain, music director of the Houston Grand Opera, to conduct his revival of "West Side Story," which opened in Houston. When diva Marilyn Horne performs here, she also likes to observe open-heart surgery at the Texas Medical Center. "They'll sign for X amount of dollars anywhere," asserts Mastrojanni There has to be something unique

to get them to Houston."
International interest in Houston works both ways: this year the symphony will appear at the Casals Festival in Puerto Rico, and the opera and the ballet will both tour Europe. Fredericks stresses that the ballet's tour is on an invitational basis. "Most people as-sume it is being sent by people from flouston who want to see the company trucked around the world," he said. "It's not that at

This year, Houston has even more to be proud of: construction will begin this fall on a new muse um designed by Beauborg architect Renzo Piano, to house the 10,000-piece DeMenil collection, considered one of the finest in the

Clearly. Houston is taking its place as a major arts center. Con-ductor Commissiona, who has visited Houston frequently over the past 10 years, believes "the arts did not blossom in the past because the right moment had not arrived."
"Now that everyone has their

# oil sets the pace in energy capital

(Continued from Page 7S) loss of 5.850 jobs — 81 percent in manufacturing and 19 percent in non-manufacturing."

Traditionally considered immune to the economic problems affecting the rest to the United States, Houston is also beginning to feel the effects of high interest rates and nationwide recession. Besides the slump in drilling activity. Houston's housing industry is suf-fering under the burden of high interesi rates, some petroleum refineries are operating at a severely reLayoffs Occur

Economie eyebrows were raised recently when three of Houston's largest employers — Geosource Inc., Dow Chemical and Texas Instruments - laid off bundreds of employees, an occurence unheard of in recent Houston history and all too reminiscent of the kind of layoffs common in the depressed Northeastern United States.

Houston's unemployment rate duced capacity due to the stump in recently has risen by as much as 35 demand for gasoline, and the percent over last year's monthly petrochemical industry is suffering figures, to a total of 4.5 percent. chemicals and plastics in the de- al rate, and many feel that despite sources."

pressed auto, housing and appli-ance industries. recent setbacks, Houston's future as energy capital of the world is

"If petroleum were shut off completely tomorrow," oilman Halbouty said, "it will burt Houston, no question about it. But it will not die and it won't wither; it'll just plateau and maybe just start growing again."

Said Texas Commerce's Bennett: "I would rather be in the coergy capital of the world than any-place else because the trend worldwide is that energy use can go nowhere but up. And even if there is less demand for oil, the same kind of expertise we have here will

MAUREEN SHER-Energy International and senmagazine with offices in ior editor of Houston City Houston free-lance journalist based in Magazine.

New York City. MIMI SWARTZ is scalor edi-BARBARA SHOOK is the tor of the Houston City Magaenergy reporter for the Hous-SHARON DONOVAN is a ton Chronicle, specializing in operating and technological business writer for the Hous-

developments. ton Chronide. RYAN BERNARD, a free-CINDY JAPHET and LUlance writer, was formerly as-CIUS LOMAX work for the sociate editor of Business & Texas Monthly, a statewide

JOAN GOFFMAN is a free lance writer and television producer. She is a correspondcat with the Houston Chroni-

JENNIFER LAWRENCE is. the Houston correspondent for Fairchild News Service. JOHN TAYLOR is a reporter for Newsweek magazine.

# Houston'

# **MAKING IT**

Joe Tondu, 31, 'optimizes investments' in a climate tailored for entrepreneurs

### By Cindy Japhet

HOUSTON — Joe Tondu, 31, might get lost in the crowd of 200 or so businessmen hunching in the stylish yet efficient Hyatt Regency restaurant in downtown Houston: He is clean-cut, confident and well-dressed, like everyone else. It might not tell by looking, but there is a difference between Joe and some of the other businessmen: He is worth between \$2 million and \$3 million.

"Optimizing your investments" is Joe's way of de-scribing the route to such success at such an early age. But Joe is not that uncommon in Houston. There are thousands of other young men and women who have made it hig in this city through entrepreneurial skills. In fact, many of the people lunching in the Hyatt probably have similar stories. Houston, with its boom-town economy, is a haven for the young en-

Some small husinessmen get bigger by beginning in service sectors such as window-washing, key-making and even ditch-digging. Sometimes the little ones become national giants: Ninfa Laurenzo turned her tiny Tex-Mex restaurant in a small spot on Navigation Street into a national chain.

The climate for the entrepreneur in Houston is now at its optimum because of the great amounts of growth and capital provided by commercial real estate and the oil and gas industries that fire Houston's

How many cities have a center dedicated to helping entrepreneurs establish their own business? Houston does, at least. The Houston Entrepreneurs Center is a 55-office complex designed to provide such services as phone answering, typing, word processing and com-puterized accounting for the small businessman at prices that beginners can afford. There is also a reference library and it specializes in the how-to's of start-

Joe Tondu left a highly promising, well-secured po-sinon as a geologist for the Getty Oil Company with nothing more than several charts and graphs, three years of solid experience and a lot of confidence.

He, like his father and grandfather, believes in free enterprise. "I've always helieved there is a great amount of satisfaction to be found in determining

your own destiny." Joe says.

A native of Michigan, he was raised in a household whose keyword was independence. His father and his grandfather were independent construction contrac-tors near Arcadia, Mich. But for Joe, a key factor that helped him think in terms of his own life was the teaching staff at Houston's Grand Valley State College, which he describes as "inspirational."

### **Electrified Excitement**

"They were the ones that really helped me decide to go into geology," he says. The summer between his graduation from Grand Valley in 1973 and the fall when he began his master's degree work at the University of Texas in Austin, Joe went to work for the Amoco Production Company's Denver geological office. "The minute I was at Amoco, I knew what I wanted in do, and that was the oil business. The people there were so in love with their work, there was an electrified excitement in the air, which rubbed off on

In August, 1975, Joe went to work with Getty Oil in Houston in the development department. "This was the first time I got involved with the actual drilling," he says. "While I was at Getty I made more

And that was the turning point for him. "The mon-cy I make for others I should be making for myself," be recalls thinking at the time.

He left Getty in begin his own business with a \$1,000 loan. "I didn't even bave enough money to pay my rent." he says. "I was living with a good friend who more or less supported me until I got on my

He remembers that his first strategy was to acquire the knowledge of those who had "made it." "That was very important because I learned a lot about the pitfalls," he says. "However, if I knew then what I know now, I would have avoided even more

mistakes.

"The main thing I bad to learn was how to get investors — drilling money. It takes an awful lot of capital to make the oil industry go. It was really amazing bow I did what I did knowing so little. I simply went into this or that office and said I needed



news c

Joe Tondu

problems with that aspect of starting out. I was really

Joe views his biggest coup as a sales pitch he made to Gulf Oil. He had acquired a hot prospect that Get-ty had turned down and he approached Gulf with it. "I told them I wanted the right to drill on one of their leases," he recalls. "I convinced them I had the money and ability to develop the acreage, neither of which I really had. In exchange for the right to drill, I was to give them a share of the find." It all worked out. He sold the lease to an oil broker

and found seven producing wells, which made him \$100,000.

With those funds he and another geologist formed the Lexington Company. They drilled seven pro-ducing wells in south Texas and were fairly successful. From that venture, Joe rounded up a group of private investors and formed Canadian Longhorn Petroleum. He initially sold \$t million worth of stock on the Canadian stock Market, and in January, 1981. Canadian Longhoro brought in another \$1 million. After Canadian Longhorn, Joe formed Tondu Energy, He has hired a solid stalf with strong oil and geological backgrounds

### Classical Entrepreneur

Joe can be classified as a successful risk-taker. He has all the characteristics of the classical entrepreneur: an adventuresome spirit, a desire to to be his own boss, a need to incorporate creativity into his work and a strong dislike for the slow climb up the corporate ladder.

"I could have stayed with Getty Oil and probably become a vice president by the time I was 55 or 60, but I would have felt too stifled," he says. "As it stands now, I have my own business and I feel challenged, but there is also a strong risk factor to be considered. I could have tost it all with a few wrong moves or not even have gotten off the ground to begin with.

"To be an entrepreneur," Joe notes, "security has to be unimportant to you. My priority has always been to move up, and yes, I guess to make a name for myself. There is a great amount of responsibility that goes along with being an entrepreneur because you alone are responsible for either the success or failure of your business. Most of my success borders on the fact that I took calculated risks. I went to the people who had made it before and asked them questions. I observed how the game was played for several months before I ever put my foot in the water."

Joe Tondu is very aware that the national average failure rate for companies offering new products and services is 65 percent. He is also aware that Houston is a thriving capital for young entrepreneurs in this decade. Its climate makes the person with an idea want to take a chance - call it a gamble. Joe's paid

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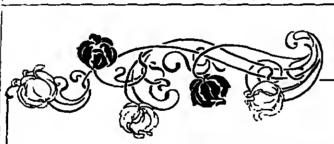
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The Woman's Hospital of Texas



# law firms and internationalism (Continued from Page 75)

Other attoroeys face more routine legal tasks in foreign countries, like the taking of depositions and the completion of document production. "You end up doing things that are pretty domestic, ex-

cept that you are doing them for a foreign elient," said Joel Martinez, a Vinson & Elkins associate.

ents to investment opportunities abroad, the Houston firms now direct foreign clients like Banque de Paris and Tokura Construction Company (represented by Butler, Binion) to profitable real estate and husiness ventures here.
Though the large firms continue to dominate most of Houston's in-

ternational legal work, two trends may indicate a change. As legal fees continue to mount, many husinesses are following the lead of Gulf Oil and completing more legal work in-house. Then, too, as some of the big

firms relegate their international attorneys to other sections, more work is falling to smaller firms. "There really isn't such a thing as interoational law," said P. Dexter Peacock, an Andrews & Kurth partner. "There's just such a thing as international jurisdiction."

Preference for Small His firm prefers to assign their

specialists to work with local coun-In contrast, Klaus Thoma, a partner of the firm Hollrah, Lange and Thoma, and a West German, believes many foreign clients prefer small firms like his own that specialize in international taw.

Mr. Thoma asserts his clients are uncomfortable with big-firm treatment, where their business is parceled out among several sec-

The full service operation — so impressive to American clients bas an adverse effect on foreign clients accustomed to more intimate treatment. So far, there is plenty of business for everyone, a situation that

will continue as long as Houston

companies continue to generate in

teroational business.

Steve Zamora, a law professor at the University of Houston Law School, says that while his law students are not always attentive in his international business transaction course, "two months after they graduate, they call me. You can't avoid practicing internation-

al business transactions in Hous-

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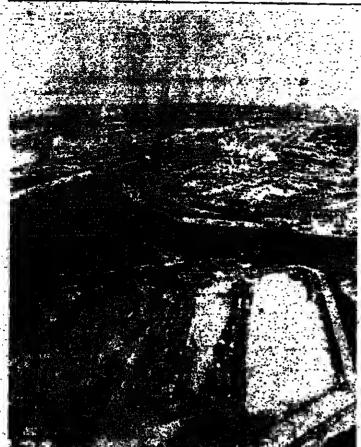
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Turning basin in the ship channel.

sweltering heat.

(Continued from Page 7S) enjoys showy jewelry, expensive cars and mink coats - even in

Quite simply, it is important to be successful in Houston. Money

# ship channel is U.S. leader in total volume of foreign commerce

### By Ryan Bernard

HOUSTON — The greatest barometer of Houston's oewfound stature as a world-class city may be found in the 52-mile long ship channel that snakes northward from the Gulf of Mexico to within a few miles of this city's towering downtown skyscrapers.

The Port of Houston has been the third largest U.S. port since before World War II, but in the last few years it has passed all others to emerge as the leader in total volume of foreign commerce. (New York is still the leader in total dollar value of foreign trade.) In 1981 alone, 53.7 million tons of imports and exports flowed through the Port of Houston.

Along its 25 miles of waterfront, dotted with docks, cranes, elevators and warehouses, over 5,000 ships a year now unload cargoes of ore, minerals, foreign steel and imported crude oil. Before returning to their home ports, any of the same ships take on equal quantities of American wheat, corn, chemicals, fertilizers and machinery destined for foreign

Houston's port is the nation's largest handler of imported steel and exported wheat, and it serves as the oatural trade funnel for the entire central and southwestern U.S.

It was not always so. When the city founders first advertised their new city in the tabloids of 1836, they proclaimed rather grandly that Houston would be "the great interior commercial emporium of Texas." But there were serious obstacles to overcome. The founders had built their new settlement on a shallow stream called Buffalo Bayou, 50 miles by water from the Gulf. To demonstrate the viability of their new port, they arranged to have a paddle-wheel steamer bring a cargo of distinguished visitors up the muddy tributary, but the boat became so entangled in the mud and vegetation that it took three days to complete the last five miles of the vovage.

Meanwhile, the port of Galveston, 60 miles to the southeast, was busily establishing itself as the pre-eminent shipping center of the Gulf Coast and Houston's main rival. As the natural trade patterns developed in the late 1800s, Houston became a major rail center where cotton and other commodities were shipped, then loaded onto shallow-draft barges bound for ships at the port of Galveston.

A series of important events intervened at the turn of the century, which changed everything. In 1900, a catastrophic burticane nearly wiped out the city of Galveston. A few years later, oil was discovered in countries surrounding Houston, And, after years of negotiation, Houston enlisted the aid of the federal government in dredging out its shallow bayou to accommodate large ships.

The Port of Houston was established in 1914, and a few years later the first international cargo - cotton loaded on a ship called the Merry Mount - left Houstoo bound for foreign markets. Within a decade Houston had become the largest cotton port in the nation, surpassing Galveston itself

The newly dredged channel soon began to contribute significantly to Houston's prodigious growth by luring heavy industries. The growing oil boom and the easy availability of deepwater facilities led many of the early oil companies to set refineries along the banks of the ship channel. By 1930, nine refuneries were churning out gasoline and other fuels and boosting local commerce. Metal fabricating of drill pipe and oilfield structures also became a significant channel industry.

Today, thanks to the channel and its location near some of the world's largest oilfields. Houston has become the nacon's largest producer of refined petroleum and petrochemical products. Industry giants such as Shell, Exxon, Gulf, Goodyear, and Dupont have concentrated their major refining facilities in the area, spilling over from the channel to the shores of oearhy Galvestoo Bay and along the Texas Gulf Coast.

A "spaghetti bowl" consisting of several thousand miles of pipeline provide for the efficient, low-cost transport of feedstocks, fuel and chemical products between the 200 chemical plants, refineries, salt domes and gasoline-processing plants in the area. Over balf of the nation's petrochemicals and 80 percent of its synthetic rubber are produced locally.

With the channel industries as its base, Houston has become the sixth largest producer of manufactured products (by value) in the country. A 1965 study estimated that the Port of Houston and neighboring industries contributed one-third of each dollar generated by the local economy. Currently, \$15 billion worth of industry is located along the channel, with combined annual payrolls of more than \$2.7 billion and a work force of 180,000 employees.

From its beginnings as a muddy ditch, the port itself has grown in sophistication to rival the facilities as most other international ports. The first containerized cargo in history sailed between Houston and New York in 1956, and Houston began constructing permanent containerhandling facilities by the late 60s.

The \$70-million Barbours Cut Terminal, located halfway between Houston and the Gulf, provides three 1,000-foot wharves with six major cootainer cranes, a LASH berth and a hammerhead roll-on-roll-of platform that can accommodate two ships at a time. A modern computer system keeps track of the location, contents and destination of every,

container in the yards. Much of the Port Authority's 300,000 TEUs — 20-foot equivalents — of container cargo handled in 1981 was processed through Barbour's Cut, and a fourth container berth is scheduled for construction this year. Most of the port's break-bulk and general cargo is handled upstream

at Port Authority wharves in the Turning Basin area, at the head of the ship channel near downtown Houston. Turning Basin facilities include 37 public wharves, two industrial parks comprising 350 acres, and a 6-million-bushel public grain elevator. Construction is scheduled to begin on an additional 800-foot-long general cargo dock some time this year. The Port Authority also maintains a dry-bulk materials handling plant and its Bayport division on the shore of Galveston Bay for handling houid bulk cargoes.

### Private Terminals

These public facilities only represent a fraction of the port's total; cargo-handling capacity, however. Of the 13.2 million tons of cargo handled by the port during the first two months of this year, only 2.9 million.

— 12 percent — were handled by the myriad private terminals that line the ship channel from top to bottom. In addition to the 6-million-bushel; public grain elevator, for example, there are another four major elevators that are privately owned.

The Port of Houston has also contributed greatly to Houston's growing international flavor, as the increased foreign trade has attracted flocks of foreign dignitaries and businessmen.

There are very few international cities that are not port cities," says. Port Authority executive director Richard P.Leach. "It is the international commerce that makes a city international. The strength of Houston is in dealing with energy and food, which are pretty fundamental con-

cepts."

The international trade in fuels, grains and raw materials, along with burgeoning communities of immigrants from Europe, Asia and Latin America, has helped attract as many as 50 consulates, including representatives of 15 European nations and such oewcomers as the People's Republic of China, Rumania and South Africa. As an indication of Houston's stature in the world of shipping, the Port of Rotterdam re-cently opened its first overseas trade office here and made it its headquarters for the entire U.S.

For the future, says Mr. Leach, "I expect Houston to continue to grow as a port as well as a city, because they go hand in hand. As the city grows, so grows the port."

Despite the current worldwide recession, there is a great deal of resiliency built into the port and the economy. Even though there has been a major drop in the importation of crude oil, one of the chief commodities handled by the Port of Houston, total cargo tonnage at the port actually increased last year due to a dramatic surge in the handling of imported

steel, autos and container cargo.

To encourage further growth of industry and trade along the ship channel, the Port Authority recently organized a Port Development Corporation to issue tax-exempt, low-interest revenue bonds for industrial development. Of over \$1 billion in bonds under consideration, \$253 million have already been issued.

Houston also filed an application with the federal government to es tablish a duty-free foreign trade zone in the port area, where items could be manufactured and stored free of customs duties until they leave the zone. Once these measures are in place, the Port Authority hopes to generate an additional \$7 million in annual port revenues within five years, create new employment, and increase the amount of cargo crossing Port of Houston docks.

If that happens, the port will continue to assure its position as one of America's top shipping centers and as the dynamo at the heart of the

### capturing spirit of free enterprise with speed and bravado Spending the weekend at "the ranch" or in Mexico carries more they put them side by side," says Mrs. Wyatt, who recalls that one

year she omitted the chili and just served French food. "I brought the chili back by popular demand — Prince Ranier just loves it," she While the Wyatts ere busy giving Europe a taste of Texas, people from abroad keep streaming into the Houston business community and often make Houston their

One certain way for these non-Texans to feel at home is to find a restaurant from their native land. There are China Garden, Uncle Tai's, Ninfa's and The Cadillac Bar (both Mexican restaurants). La Reserve, and on and on from foreign cuisine to places like the New York Deli and the San Fran-

cisco Steak House. Probably the best way to fit into the Houston spirit is first to never atter an uncomplimentary word about the city. It is important to know who Earl Campbell is and how his football team, the Houston Oilers, is doing. It helps to have been to the Astrodome at least once, to be seen grocery shopping occasionally at Jamial's, preferably in tennis whites or warm-up

suit, and to receive the Neiman-Marcus Christmas catalog.

Some people have been known to put a University of Texas sticker oo their car even if they cannot claim the university as their alma mater. It is better to be from New weight than staying home and mowing the grass. For newcomers intent on mak-

ing it in Houston, a dinner at Tony's where the elite meet and eat, is a most. It is best to be on an expense account and not be thrown by the French menu with no English translations. The wine cellar is for very private parties but most come to see and be seen upstairs in the company of people like Beverly Sills, Gerald Ford, Liza Minelli, Princess Margaret, Queen Noor, Farah Fawcett and Larry Hagman. The list goes on and on, as owner Tony Vallone points out.

### On the Streets

But for many Houstonians, din-ing at Tony's, shopping at Nei-man's or attending the Opera Ball are about as remote as striking oil They hope instead to make a living and pay the rent. Four out-of-state families last summer struck out when they unknowingly rented the same house from a greedy agent who made off with each family's deposit, leaving three families literally out oo the streets.

Little surprises Houston. Good luck and bad luck are all part of the game, If the late "Silver Dol-lar" Jim West enjoyed tossing silver dollars on a restaurant floor and watching waiters scramble for them, that was his business. It ap-York than from New Jersey, pears that money and success give

those with both the license to do as they wish in this laissez-faire, open society.

No one bats an eye at the Western Heritage Show each year when millionaire ranchers buy and sell Santa Gertrudis cattle and quarter borses inside the Shamrock Hilton Hotel. As the animals are led to the center of the ballroom, John B. Connally, one of the event's organizers, does his best to keep the auction moving. Country music, hlack tie and cowboy boots, and spending lots of money make this very Houston evening. Besides, the livestock fied the accommodations quite satisfactory, people enjoy rubbing elbows with former Gov. Connally and an indiscreet nod might even get you a \$30,000

# media finds news capital in oil and gas

By Barbara Shook

HOUSTON — Houston is not only the energy capital of the United States, it also may be the oil and gas news media capital of At any press conference for a petroleum industry-related compa-

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ny, trade show or technical conference, reporters and editors representing as many as 25 or more local energy media organizations will probably be present. The most recent survey shows that at least a dozen national and international energy-industry trade publications are based in Houston.

In addition, equally as many other

oil and gas magazines and energy

news services have bureaus or correspondents in local offices. Both of the city's daily newspapers - the Houston Chronicle and the Houston Post - have reporters assigned to the energy beat, as does the weekly Houston Business

Journal. At the Chronicle, two staffers cover energy fulltime, one concentrating on financial and regulatory setting sights on world markets aspects and the other specializing in operating and technical devel-opments. Several nationally distributed, general-interest publica-tions including Newsweek and U. S. News & World Report as well as the Associated Press and United sengers in 1980, Houston ranks. Press International also have

Besides these, dozens of ocweletters, technical papers and skies are as crowded as the freemagazines are published by ioun chapters of professional associations, and oil and gas industry. From the original nine square trade groups. The largest energy miles purchased by the Allen industry poblications group in brothers. Houston has grown to more than 556 square miles today. three annual catalogs that cover all phases from exploration and drilling through relining and process-

Houston-based reporters assigned

issued, and buildings are springing up almost overnight, from the thousands of small tract houses The flagship magazine is World Oil, covering oil and gas explora-tion, drilling and production around the world. This is the industry's largest operating segment. It has been publishing since 1916, originally as The Oil Weekly.

Pipeline Industry directs its editorial content more toward transmission line construction and operations, especially natural gas. It also has a strong gas distribution section and often contains articles on non-persoleum pipeline projects such as skurry and industrial gases. Like World Oil, Pipeline Industry covers developments in the United States and around the world.

Another Gulf publication, Hydrocarbon Processing, is probably the leading refining and processing publication in the world,

Gulf's other magazine is Ocean Industry. This publication deals with the full spectrum of offshore oil and gas exploration, drilling, production, transmission and pro-

and success will open almost any door here. The more money and success the better, and more the open doors. In a city as large and as diverse

as Houston, opportunities for success vary drastically. Though it's a shorter hop to the corporate suite from the elegant River Oaks neighborhood than from the poverty of the city's Fourth Ward area, many people believe that anything is possible in Houston.

Even in the midst of a recession that has touched the usually immune Houston with layoffs and a softening in its economy, a series of charity balls this spring raised record amounts of money. The Houston Ballet Ball brought in \$385,000, while the March of Dimes Gommet Gala a week later raised \$325,000.

But the largest money-maker ever is expected to be a joint benefit by the Houston Symphony So-

(Continued from Page 7S)

of international travelers. Once

here; so many executives get

as one police captain put it, "The

everywhere. Last year, more than

\$3 billion in real estate deeds were

and semi-detached apartment

complexes to massive glass-

Environment of Tomorrow.

in the city — the only case in the

country — makes for this boom in real estate. Buildings can be put up almost anywhere. The good thing

about Houston is that there is so much to be done," says Giorgio Borlinghi, the 29-year-old Italian real-estate magnate. "We are bui-

dling the environment of tomor-

But Houston's successes have

created their own set of problems.

Crime, for example, has grown

faster, than the poulation and Houston now has the fourth high-

est crime rate in the United States.

corded 650 homicides (one per 2,500 inhabitants) and 1,170 rapes.

Last year, Houston officially re-

TOW LOCKY.

A total absence of zoning laws

skinned skyscrapers.

round Houston in helicoters that

open at the end of the year. With search for work. And crime is still

can city.

ciety and the Museum of Fine Arts commemorating the one-bundredth birthday of the late Ima cialite Lynn Sakowitz Wyart, of Hogg Houston patroness of the arts, who willed her home, Bayou Bend, to the museum.

Dubbed "An evening of Celebration," the ball, to be held May 14 at Miss Hogg's former home, has already realsed half-a-million dollars. When one prominent New York jeweler heard that by March 45 tables at \$15,000 each — that's \$1,500 per person — had been sold she said, "You've got to be kidding. Ob ... I forgot, that's Houston.

For sure, chairing these charity balls and bringing in the bucks means instant social success. The astute and successful chairman few big celebrity names - whether movie stars, politicians or titled Europeans - make for sell-out

The Houston Grand Opera Ball, this April, just a month before the Ima Hogg ball, raised \$400,000 in part by convincing Luciano Pavo-

illegal aliens frustrated in their

more tempting because Houston

has the lowest police officer to citizen ratio — less than two per 1,000

inhabitants - of any large Ameri-

faster than the city's services and

the result is irregular sanitation and a disastrous mass transit and

highway system. Traffic jams are a

2 million registered vehicles clogg-ing the city's 200 miles of freeways

and 150 new cars arriving daily.

Houstonians rarely walk anywhere

ry make for suffering - and there

is a total car culture with every-

thing from drive in banks to drive

Mobility Plan

cently drawn up a regional mobili-ty plan that is intended to ease

traffic problems in the next 15

years - at a cost of \$16 billion.

ton Moving Again," involves the construction of 300 freeways and

Air pollution can be severe

compounded by the bumidity of the region. Industrial pollution can

take more serious forms. In early

April, a hydrochloric acid leak

from a Houston chemical plant

forced the city to evacuate several hundred families living nearby. The new mayor, Kathy Whitmire,

1,400 miles of new streets.

plan, named "Getting Hous-

City and state officials have re-

in liquor stores.

this incident.

in summer the heat and bumidi-

stant headache, with more than

dition of a titled personage. An invitation to a party given by Mrs. Wyatt is almost as sought after as an invitation to the White House. Her seated dinners for 50 at her state home next door to the River Oaks Country Club include

the Sakowitz store family, wife of

Coastal Corporation chairman Os-

car Wyatt and Houston's best ren-

the usual old-guard Houston oil families, Houstoo's new super rich and a smattering of international names — from Princess Grace of Monaco to Mick Jagger. But Mrs. Wyart does not enter-

tain only in Honston. Every year on July 16 she throws herself a birthday party at her Cap Ferrat villa where Somerset Maugham usually a woman - knows that a once lived. Though she will not tell guests her age, she does instruct them on how to eat chili and rice, which is prepared in Houston by her cook, Florence Jones, and flown over for the party.

"I have to tell guests to put the rice on the plate first and then put the chili on top because otherwise

sist, is that Houston is growing, unlike the natioo's northern cities. "It will continue to grow," says Louis Welch, president of the

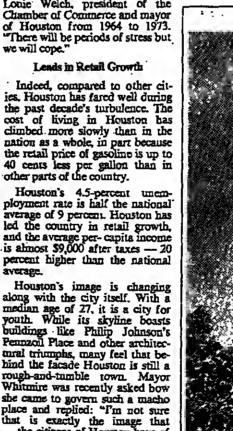
### There will be periods of stress but Leads in Retail Growth

Indeed, compared to other cities. Houston has fared well during the past decade's turbulence. The of living in Houston has climbed more slowly than in the nation as a whole, in part because the retail price of gasoline is up to 40 cents less per gallon than in other parts of the country.

Houston's 4.5-percent unemployment rate is half the national average of 9 percent. Houston has led the country in retail growth, and the average per-capita income is almost \$9,000 after taxes - 20 percent higher than the national

Houston's image is changing along with the city itself. With a median age of 27, it is a city for youth. While its skyline boasts buildings like Philip Johnson's Pennzoil Place and other architectural triumphs, many feel that be-hind the facade Houston is still a rough-and-tumble town. Mayor Whitmire was recently asked bow she came to govern such a macho place and replied: "I'm not sure that is exactly the image that ...the citizens of Houston have of

was not prepared to say whether any action would be taken after Officials are quick to point out that Houston's problems illustrate the inevitable growing pains of a



our city. Houston may not be the last bastion of the Wild West, but the dynamism — as well as the energy
— of the pioneer days can still be
felt. As Philip Johnson puts it:
The spirit of the frontier carries on in Houston."



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Prov

# Saudi finds growth for oil revenues in American banking strategy By Lucius Lomax

HOUSTON — His name is Khalid bin Mahfouz. He is a multimillionaire from Saudi Arabia who now makes his home in a tightly secured \$4-million mansion in River Oaks, Houston's most exclusive neighborhood.

He is the son of the founder of the largest bank in the Middle East, the \$15-billion National Commerce Bank of Saudi Arabia. His family still owns the controlling interest in National Commerce, of

which he is a senior director.

And, for a time, as part of the Arab plan developed in the mid-1970s to capture a larger share of the revenues from the production of oil - money that until then went to foreigners - Mahfouz became an American banker. He also threw a scare into a few of his new colleagues.

### **Buys Out Partners**

In 1976 the deal was cut. In partnership with another Saudi, Ghaith Pharoon, and former Treasury Secretary and ex-Texas governor John B. Connally. Mahfouz purchased the ailing Main Bank of Houston. But when Pharoan decided to concentrate on his investment in the National Bank of Georgia and Connally chose to run for the presidency. Mahfouz agreed to buy out his partners. He ended up owning 92 percent of the bank.

Then, last summer Mahfouz sold out to a Dallas bank-holding company. In return for Main Bank he received holding-company stock valued at \$22 mil-lion. Some local bankers speculated that Mahfouz never really wanted to run the bank, that he just wanted all along to be an investor.

If that was true, and it probably is, Mahfouz knew this much: Banking is a tough profession.

Banking, as it is known in the West, is a fairly

recent phenomenon in the Middle East. Commercial banks began to appear in the larger towns in the Gulf countries only in the 1950s. The slowness of their arrival was due in part to the entreuched position of the money changers, who have tried since the time of Mohammed to satisfy Arab banking needs while abiding by the Koran's prohibition against riba, charging interest.

### Oil Brings Change

The arrival of the oil wealth of the last decade changed all that. Saudi Arabia's wealth beld abroad jumped from \$2.3 billion in 1972 to about \$150 billion by mid-1981. According to The Economist magazine that alone is enough to buy all the 50 largest banks in the world. Yet none of those 50 is

Determined to keep more of the oil revenues siphoned off at either end of the long oil production line — from financing in exploration to refining to investment — Arabs became interested in banking.

But a domestic bank can make an annual 50percent return on capital doing business at bome in Saudi Arabia. Arabs, particularly Saudis, are considered conservative businessmen, and international banking has in the past been an alien concept in them. Before entering this market they insisted that international banking be like any other foreign investment — above all, safe. So they developed a

The domestic Arab banks chose not to go directly inin international commercial finance. Instead, they banded together to form consortiums to fund new international banks. They included Western bankers — Dutch, French and American — as partner-sharebolders, to provide the necessary ex-

An example is UBAF Arab American Bank, with headquarters in New York. It opened its doors in 1976, and today it is the 46th larges! Arab bank with \$900 million in deposits. Holding 5 percent of its stock is Houston's large bank-holding company. Texas Commerce Bancshares. Another 5 percent belongs in California's most profitable bank. Securily Pacific. The rest of the stock is owned by Arab banks from across the Mideast .-

Institutions like UBAF Arab American was where the Arab bankers chose to gain a foothold in international commercial finance. Individual Arabs like Mahfouz ebose a different route.

When Mahfouz, Connally and Pharoan joined forces to buy Main Bank, Connally was criticized by Houston bankers for directing the Saudis to the investment. The Houstonians feared, as one of the city's international bankers put it, that "Mahfouz's Mideast connection" would force local banks out of their profitable international market. They were re-lieved to find that the bank's emphasis remained on local banking during Mahfouz's ownership.

The Houstonians were correct that banks are atthe riousionians were correct that banks are attractive targets to the Arabs. Typically Arab businessmen do not go for spotlight investments, as have Europeans in Houston, who may have to show a picture of the property to their partners at home. The Arabs seem to be answerable only in themselves. They are drawn to the banks as low-key, almost invisible holdings.

In Houston, one Arab-American Chamber of Commerce official has estimated that Arabs have \$1 billion invested in total, in everything from real estate to refinery stock to, of course, banks. The majority of the acquisitions have been done through firms with headquarters in New York, London, Houston and the West Indies.

But of the 64 foreign banks doing business in Houston at the beginning of the year, not one was Arab. And Saudi Arabia's National Commerce Bank, for reasons known only to its directors, recently brought home its lone official in the city.

### Moderate Impact

Despite this relatively moderate Arab impact, warnings have been sounded in the United States. In 1979, Senator H. John Heinz 3d from Pennsylvania cited statistics that foreign banks made more than 15 percent of all big U.S. business loans. The percentage is higher in New York, California and

He continued: "And with petrodollars piling up. individual buyers may become a new force. These buyers are essentially beyond our jurisdiction and beyond our control. It is likely that the prospect of both direct and indirect financial and political influence will convince wealthy Arab businessmen

that United States banks are good investments." They may be good investments. But so far, the senator's fears of "influence" and "control" bave not been justified.

This distrust of foreigners bas been partricularly directed against the Saudis, because they are the wealthiest and most visible. But the one place Saudis have remarked they do not experience the xenophobia factor" is Houston. They theorize that it is because Texans and Saudis are both nouveaux riches who lucked out by living on top of ground

Dr. Ghazi al-Gosaibi, Saudi Minister of Industry and Electricity, joked about the issue in an inter-view with Saudi Business magazine. Despite their new wealth, he said, "both Texas and Saudi Arabia are countries who want in be friends with the Unit-

# FINANCE holding companies in 'world's best banking market'

### By Lucius Lomax

HOUSTON — Houston Oil & Minerals is the legend

among Texas wildcatters. Described by Fortune magazine as the "nation's standout small exploration company," the price of its stock has risen by almost 5,000 percent since 1973. Its revenues have gone from \$1.5 million in to almost \$450 million in 1980. Still, despite this phenomenal success, the company began the decade with an equally large debt — \$450 million — accounted for in part by drilling expenses that can be as much as \$1 million a

The company was strapped for cash. It did not bowever, turn to the banks for more loans.

Instead, Housing Oil accepted a friendly merger bid from Tenneco, Inc., the huge energy conglom-erate. The \$2-billion deal meant more oil and gas for Tenneco and cash that will allow Houston Oil to continue its energy exploration.

It is a sweetheart of a deal for both companies and is also an example of corporate finance as practiced in Houston. Which is not to say that Houston banks are not impressive in their own right. In 1970, none of the Texas banks were close to being among the 20 companies. Texas Commerce ing in the city. "Commercial conlargest in the nation. As much as Bancshares and First City Bancor-struction, perhaps the biggest indi-

was responsible. It prohibited branch banking. In fact, it prohi-bited the same bank from having more than one office even in the same city. But congress passed the Federal Bank Holding Company Act that year and Texas banking will never be the same.

### Banking Competition

For the first time, the law allowed establishment of holding companies, which were permitted to buy up competitors within the same state. The laws practical effect was that Texas's major banks became buge capital conglom-erates capable of competing for the big profitable commercial loans made by the heavy-hitters of the U.S. financial world, the banks of California and New York.

Housinn bankers were the first in Texas to take advantage of the change. The acquisitions becan almost immediately, and they have not stopped yet.

Today, Houston has seven of the nation's 200 banks of \$1 billion-plus assets. Of the \$90 billion deposited in Texas banks during 1980, 17 percent of the money was held by Houston's top two bank bolding companies alone. And, by the end of the decade those two

and investment?

How will alternative

tax structures affect

international business

ranked 20th and 23d in size in the nation - are sure bets to crack the

Texas is the world's best banking market," announced Jack Hyzer, a vice president of the investment firm of Rauscher Pierce Refsnes, Inc. Earnings per share of the major holding companies in the state rose 21 percent in 1980 and are estimated to bave gone up 25 to 30 percent in 1981. Even as the rest of the country slid is to a near depression — including a downturn in the energy industry — the holding companies profits are expected to improve as much as IS percent in 1982.

Last year was the record year for acquisitions, but 1982 is continuing apace. One of the state's most fiercely independent medium-sized institutions, Dallas's \$410-million Presinn State Bank was gobbled up in April by Southwest Baneshares of Houston, Southwest at the same time acquired the Housinn area's second largest in-dependent, valued at \$240 million.

The Houston energy industry leads the economy and continues in increase profits," said South-west's chairman, John Cater, when asked about the climate for bank-

above the national average."
Actually, apartment construction in Housinn is stalled and home huilding bas dropped to only a moderate pace. But as Mr. Cater said, office construction, always a good indication of what business thinks of Houston's prospects, continues to be assounding, with one square foot of office space under construction for every four feet already in existence. Mr. Cater predicted that the city will bave \$3.9 billion in commercial construction in 1982, compared to \$3.66 billion in 1981.

"Not even Houston is immune to high interest rates," said Tom King, president of the Texas Savings and Loan League, the state thrift institutions' lobbying arm. But noting that the city's employment rate is still good — up an average 6 percent a year since 1975 — Mr. King said not all is lost.

Mr. King vice president of a large Houston savings and loan association, said construction of new homes is enough to keep thrift institutions, most of which are beavicommitted to old mortgages at w interest rates, out of the red. He did predict, bowever, more "shotgun marriages" of ailing sav-ings and loans with wealthier part-

ns. Banking and finance in any city

is a reflection of all business activity, and Houston's success has not gone unnoticed. No out-of-state foreign investors bave been insurinstitutions yet offer full-service commercial hanking in Houston. but 116 out-of-state banking organizations now have offices in Texas, mostly in Houston and Dal-

### Outside Interests

In California, where in many cities there is rent control, the liberal complaint has become that real-estate money is leaving the state for Houston, where there is not even zoning, much less rent ceilings, But these outside interests bave not been limited to other states. In 1976, there were 15 foreign banks in Houston. Today there are 64.

A few years ago. Dolph Briscoe, the then-Texas governor, was asked his feeling about the influx of foreign money into the state. His response was typically Texan;
"Texas was developed by foreign capital," the rancher-banker-politician replied. Mr. Briscoe noted that the ranching industry of the West Texas panhandle was developed by British capital. Texas has always been and is today a capitaldeficient state," be said. With all the ideas for making

money, needing money to get a start, the governor was probably right. The official position of the present state and city administraions echo Mr. Briscoe's sentiments that dollars coming into Houston from abroad free local money for use in other invest-

In line with that thinking. West erman and Dutch investors have been buying downtown office developments from their original developers to be used as rental income. Shell Oil's pension fund is rumored by one former Chamber of Commerce official to have \$1 ance companies, pension funds and banks, with the West Germans in the lead overall.

Still, oil-rich Mexicans are buying condominiums right and left
and sometimes just flying up from
Mexico City to shop. And the British are not far behind, with
Coldwell Banker making a tidy sum from providing interim fi-nancing of construction. The British post office's pension fund has also financed a multimillion-dollar shopping area next to Houston's

### Recent Banking Changes

Banking in Houston, as in the rest of the United States, is going through some tough changes. They are having to shift to computeriza tion, larger lines of credit and more sophisticated marketing campaigns to cut costs and to keep pace with new competitors. The recent deregulation of allowable interest rates paid on deposits means that banks and savings and loans now compete against each other for depositors. Both must offer higher interest to consumers to attract their money.

The savings and loans, now no

longer restricted to offering mortgages, are becoming more like banks in services offered. The larger banks in Houston are meeting the changing times by growing larger still through acquisitions, thus insuring a supply of money to lend. The mid-size banks are shifting to banking on the European

being bought up.

And the small independent banks that the state legislature sought to protect by prohibiting branch banking are, increasingly,

# cutting U.S. energy imports

(Continued from Page 7S) the threat of the Soviet Union. Though the Soviet Union has vast reserves of oil and gas, a large portion of these are undeveloped and in remote areas or will require considerable technical expertise in ex-

"We are not finding as much oil and gas as we need, the nuclear industry is shut down and coal is in the doldrums," be said. "I am pessimistic that we are not going to find enough oil and gas to meet the expected 1990 demand of 70 miltion barrels of oil a day. Gas pro-duction now is about 143 billion cubic feet a day and needs in be 200 hillion cubic feet a day in

The fact that prices are even lower and supplies are more abun-dant than previously forecast levels is delaying the development of alternate energy sources such as nuclear power plants, shale oil and coal gasification facilities, geothermal units and other projects in the United States, he pointed out.

"The Reagan administration or the industry or both are making a real mistake in cutting back on alternate projects," Mr. Keplinger said. "We need to be doing the research and development now,

American corporations also must make better efforts to understand economie systems in other parts of the world to work within not against, these systems, he said. Mr. Keplinger also suggested

that businesses give more consider-ation to the long-term ramifications of their actions. Mr. Keplinger also recomends an expanded role for the U.S. busi-

ness community — to do a better job of educating the public about its operations. "Businesses need to explain what profits are, not just how much they are," be said.

"We have a society where business, government and individual interests can coexist and be mutually beneficial in each other. It is an opportunity that exists nowbere else in the world."



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# conservative mayor mirrors achievements of a city on the move

By Ryan Bernard

HOUSTON — The new mayor is unlike anything Houston has ever seen before. She's a woman, for one thing: a petite, 35-year-old blonde named Kathy Whitmire, who is only the third woman in history

to be elected mayor of a large American city. In office since last January, the mayor symbolically represents everything that Houston has become over the last decade: young, prosperous, politically conservative and socially liberal. A former accountant, city controller and an acknowledged feminist, she won the mayor's race despite being outspent two-to-one by her powerful rivals and did it by promising Houstonians she would make their government more efficient

and businesslike. In comparison, the men she defeated - former mayor Jim McConn and county sheriff Jack Heard, both paunchy and middle-aged — represent everything that Houston once was. For decades, the Houston city sent everything that mouston once was. For decades, the mouston city hall was controlled by something called "the good-old-boy network," a loose coalition of lobbyists, special-interest groups (usually real-estate developers), councilmen and entrenched city department heads, which was usually successful in getting its candidates into the mayor's office through well-financed, well-oiled campaigns.

### 'Instead of being a reactive city council ... the council saw that important things got through."

Thanks to an electoral system that allowed city council candidates to run for office "at large" rather than being elected by districts, special interests found it possible to pack city ball with people they could trust to run the city the way they wanted it to run. The preferred style of government was one that shunned planning and regulation. To many real estate developers, government planning was anathema, because it meant the government would be telling them where and how in build.

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Consequently, over the last decade. Houston has grown from a fairly pleasant city into a sprawling, unzoned behemoth that is choking on its own growth. Migration into Houston over the past decade has been enormous—at times reaching an average of 9,000 a month as job seekers poured into the city from across the nation, attracted by the city's booming economy and lucrative pay scales.

The boom came as no surprise in private planners, but it seemed to have caught Houston city government with its back turned. Many of the Houston's streets and freeways, designed for the traffic loads of the early 70s, are now seriously jammed for a major part of every day. Houston's water and sewage facilities are outmoded, resulting in occasional water rationing and a construction moratorium in some parts of the city that has lasted nearly a decade.

The local storm drainage system has been so swamped by all the new development that a mild rain can send floodwaters backing up into bundreds of living rooms. The Houston Police Department is so understaffed and poorly managed that it often takes over a half-bour to respand to the most serious emergencies. Houston's mass transit system a crippled and outdated fleet of 550 buses, has been in chaos for years. By the end of Mr. McConn's term in 1981, it was clear that Houston was growing out of control: that the old way of doing things had resulted in haos; and that it was time for a change

### **Promising Turnabout**

Fortunately, several things bave happened that may bring about a promising turnabout in the city's fortunes. One of the most important changes came in 1979, when the U.S. Justice Department declared that Houston's minorities were under represented by the "at large" system of electing city council members. After some wrangling, the city and the federal government agreed on a system whereby the council would be expanded from nine to 14 seats, with nine elected from districts and the other five chosen at large.

Within the span of one election, the Houston city council suddenly changed from a group of mostly white middle-class businessmen to a mixed group including two women, three blacks and one Mexican-American. Within a few months, the new council promptly passed — over the howls of the business community — a landmark billboard ordinance limiting what one council member calls "the visual pollution" along

The council quickly followed up with a series of new ordnances tightening fire codes, promoting historical preservation and permitting fluoridation of city water. "Instead of being a reactive city council ... rubberstamping everything, the council in early 1980 became initiators and saw that important things got through." asserts Councilwoman at large Eleanor Tinsley, one of the new faces. "I think people now are better represented than they were before and that citizens are closer to city govern-

With the enormous migration over the last decade, the political com plexion of the voters has been changing as well. "The type of people who've moved in generally speaking have been white, young and highly educated," said Jan van Lobuizen, vice president of Tarrance and Associates, a highly respected Houston polling firm, "and because of that, the city has acquired a very conservative political flavor and become more Republican than it used to be."

### Image of Conservative

Mr. Lobuizen believes that this new group more than any other was responsible for bringing the new mayor to power. Though Mrs. Whitmire did not clearly identify with any political party during the election (party affiliation is usually negligible in city politics), she successfully projected an image as a fiscal conservative and a good manager.

"The cutting issue was basically competence." Mr. van Lobuizen affirmed. "Whitmire was really the first mayoral candidate that represent the new smitters to the city. Whether we not the well hold the interpretation the

the new emigrant to the city. Whether or not that will hold true in the coming years is hard to say, but if immigration continues, you would expect the new immigrants in start taking on a larger, more important position in city politics, which could be a very significant change in the next 5 in 10 years."

There is some hope that the trends that brought Mrs. Whitmire and the new city council to power may result in a new era of more responsi-ble and responsive local government. But Mr. van Lohuizen thinks it will be at least a decade before any results begin to show.

"The start-up times for the solutions are so long that before they have an appreciable effect on the problems at least 10 years will go by," he said. "Another thing is that, because of the civil-service system, it is very hard to bring about rapid changes in the city administration: it's extremely hard to get rid of a department bead. Another problem is the two-year [mayor's] term: it takes several months for a mayor to get her feet on the ground, then she bas a year or so to be a mayor before she's up for re-election. So there are a number of things that are going to make it very bard for Whitmire to make a dent in the problems in the short

Fortunately, Mrs. Whitmire shows a clear eye for the problems. In her first few months as mayor, she bas moved fairly quickly to make department beads more accountable to the mayor, stacked the civil service commission in her favor, appointed nationally renowned administrators in head the police department and transit authority and backed a \$6.2-billion Chamber of Commerce master plan to revamp Houston's traffic and transit system.

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# Houston'

# **MEDICINE**

# 29 institutions make up a mecca of medical knowledge

By Joan Coffman

HOUSTON — Last July, in a 55-hour opera-tion; an artificial heart was implanted into the chest cavity of a Dutchman, Wille-brordus A. Menffels, 36, at the Texas Heart Institute at Houston.

Mr. Meuffels was one of more than 1,100

patients to participate in the Dutch Airlift Program, which brings Dutch heart patients to the Texas Heart Institute for cardiac surgery. Although Mr. Meuffels died a week after the surgery, the artificial heart performed well, giv-

ing the surgeons critical time to locate a human heart to transplant Life and death for Mr. Menffels - and 75,000 others, including patients, families and health care professionals — unfolds daily at the

29 institutions comprising the Texas Medical Since its inception 40 years ago, the center, now spanning a 353-acre area, has become one of the most comprehensive meccas of medical knowledge in the world.

Figures released by Texas Medical Center, Inc., the coordinating body of T.M.C., state that 142,726 hospitalized patients, from nearly

every country of the world, were treated at the complex in 1980. In addition, more than \$86 million was spent on research for 1,344 research projects.

Second Largest Business

Medicine is now Houston's second largest business, trailing the city's petrochemical industry. Last year, T.M.C. had an economic impact of \$1.5 billion on the Houston economy. Additionally, the T.M.C. 1980 annual report estimates that the center will grow 50 percent during the next decade.

Jane Brandenberger, director of academic and public affairs at T.M.C., Inc., said, "I don't think there is a medical question in the world that isn't being examined at T.M.C. — from genetics to sophisticated neuro-physiology."

But, says Mrs. Brandenberger, the raison detre of T.M.C. is the patient.

Four general-care hospitals, two heart institutes, a crippled-children's hospital, a cancer hospital, an institute for mental research and long-term rehabilitation center offer patient

Probably the two most famous T.M.C. physi-

cians are the arch rivals, heart surgeons Denton Cooley and Michael E. DeBakey.

Dr. Cooley, who was Mr. Meuffel's surgeon at the Texas Heart Institute, said: "We did a successful transplant in 1968 and we were the first institute to implant an artificial heart into a man in 1969. To date we have implanted three artificial hearts, and we are continuing our development."

About half a block from the Texas Heart In-stitute is the National Heart and Blood Vessel Research and Demonstration Center - Dr. De-Bakey's domain. Dr. DeBakey is chancellor of Baylor College of Medicine and chairman of its surgery department.

Growth in Research

Dr. DeBakey recalls that when he arrived in Houston in 1948, to be chairman of the department of surgery, he was one of two people in the department. Since then, Dr. DeBakey and his team of researchers have pioneered a treatment for an ancurysm of the aorta, or a weakening of the wall of the artery, and developed the coronary bypass surgery.

Dr. Cooley, a former colleague of Dr. DeBa-

key, left in 1960 and founded the Texas Heart Institute, where he is surgeon in-chief.

addition to cardiac-care procedures T.M.C. breakthroughs include the installation of the world's first medical cyclotron for cancer radiation therapy at M.D. Anderson Hospital and Tumor Institute, the use of the argon laser. a fluorescent tube with argon gas for certain types of skin cancer and scars, at the Methodis Hospital, and the injection of synthetic growth hormone for unusually short children at Texas Children's Hospital.

How has all this been possible? Why has T.M.C. mushroomed from its humble beginning as a one-institution complex, the Baylor College of Medicine, to the world's largest medical center - from prairie land, with oak trees and grazing animals to high-rise buildings and parking garages?

Mrs. Brandenberger replies, "Perhaps because of the oil money, perhaps because of the tradition of philanthropy in Texas, support to the various institutions has been very ge What the early planners of the medical center envisioned as a three-to-four room hospital complex with lots of trees and parkland has

turned into a medical wonderland.

The center's growth began in the early 1940s with the donation of a \$20-million estate from bachelor cotton merchant, Monroe D. Anderson. Through a special city election, a tract of 134 acres of land in southwest Houston was designated to become T.M.C.

Dr. R. Lee Clark, the first director, needed money to build a blood services lab at the hospital. "He went to lunch with philanthropist Corbin Robertson, and came back with \$3 million; where else but in Texas can you do that?" said Mrs. Brandenberger.

And Dr. Cooley describes philanthropist Hugh Roy Cullen as "the grandfather of the medical center." From 1946 to 1948, Cullen gave several million dollars to get the center off the ground. Additionally, in 1966, the Ray C. Fish Foundation provided \$5 million for the Texas Heart Institute.

Dr. Cooley maintains that the medical center is able to attract qualified professionals from all over the world as well as patients worldwide, because "of the recognition of work, in-terest and effort at T.M.C."

"I think the medical center is rolling down the hill like a big snowball - and will get bigger and bigger in the years to come." Dr. Coo-ley said.

# developers of residential and commercial real estate investing with unrestrained optimism

By John Taylor

HOUSTON — At a time when the American housing industry faces its gravest crisis since the Great Depression, commercial and residential real-estate developers in -Houston are building with almost unrestrained optimism — and und-

erstandably so. Since the turn of the century, the population of Houston has douhonsing and construction boom that continues today. In 1981, the available," six-county Honston metropolitan area led the nation in housing district alone, 12 styscrapers are starts with an estimated 44,000 going up. The cost of land and mits. In the same year, Houston issued more than \$3 billion worth

Steve Shepherd, marketing director for the development firm of John Mekom, says: The reaf estate explosion is due to the fact that, for one thing, Houston has no zoning laws, making it fertile ground for developers. For another, petroleum wealth has created a great amount of money for investment and the risk-taking attitude to go with it."

Fever Pitch

Houston's commercial construc-tion has reached a fever pitch way on more than 100 office build- way, similar to the who's the tallings, 13 high-rise condemniums and a dozen hotels. Tenants are hattan's skyline 60 years ago.

as developers are building it. Tower, a slender, five-sided struc-Unofficial tallies show that roughly 18 million square feet of office space were completed in 1981 more or less equivalent to nine

building 100 stories tall. At the same time, absorption rates are running at an annual rate of approximately 11 million square feet, and so, as William Barry, president of Property Research & investment Consultants, Inc., bled every 20 years, creating a points out: "We only have about a six-month supply of space now

In Houston's central business going up. The cost of land and rental rates have kept pace with the record-breaking demand for of building permits, making it the necord-breaking demand for nation's leader in that category as district now range from the business well. \$750 per square foot - more than double the price three years ago. Rents for prime downtown office space run from \$15 to \$27 a month per square foot and average more than \$21. Rents for currently available space at the new Texas Commerce Tower have chimbed to \$26 per square foot. Even at such steep prices, overall occupancy for buildings in downtown Honston stands at just over 99 percent.

The frantic pace of construction has markedly altered Houston's skyline and more change is just over the horizon. Indeed, a sort of Construction is currently under skysoraper contest is now under

ture designed by LM. Pei, stands higher than any other Houston edifice. The Commerce Tower is the tallest building outside New York and Chicago but it may soon be edged out of first place by the Campean Building, a proposed 80story structure now in the pre-leasing stage with construction due to

start this summer. Houston's lucrative real-estate market has attracted foreign investors from places as diverse as the Milddle East, Japan and Britain, More than 20 percent of the city's prime real estate is controlled by foreign interests, according to one account, including such landmark buildings as One Shell Plaza, the Saks Fifth Avenue Center and the twin trapezoidal towers of the Pennzoil Building.

Foreign developers have moved into Houston as well. Giorgio Borlenghi, the italian developer, is putting the finishing touches on his \$100-million Four-Leaf Towers, a pair of 40-story luxury condominiums. But the bulk of the real-estate is still controlled by U.S. investors, including insurance companies like Prudential and Metropolitan, various pension funds and a handful of powerful independent owners, the most prominent of whom is Gerald

Skyscraper fever in downtown Houston is only one feature on the city's multifaceted real-estate map. Many commercial developers see Currently the Texas Commerce the real future in the small-to-medium-scale office buildings that are cash in on the suburban center springing up in suburban locations trend with suburban condominimiles from downtown. Kenneth Lehrer, a financial planner for Allison-Walker Interests, Inc., calls these suburban commercial properties the "adventureland of development.

Mr. Lehrer says that these minibusiness districts have created a downtown" atmosphere away from the congestion of central Houston. As a result, workers live nearer their homes, avoiding for the large part Houston's notorious traffic jams. In turn, that permits the city to distribute its growth over a wider area and ease the burden of its already overloaded infrastructure, particularly its roadways, garbage disposal and water

Developers are packaging these suburban downtowns as smallscale urban centers, designed to include not only office space but hotels, retail outlets, restaurants and entertainment facilities. In addition to its office buildings, the Galleria area has four major hotels, more than 12 restaurants and more than 200 shops, including sleek boutiques like Gucci and Cartier. The confined and self-contained arrangement is particularly appealing to foreigners unfamiliar with Houston's overwhelming central business district. Last year foreigncrs reportedly accounted to most 50 percent of the retail trade in the Galleria area.

Mr. Borlenghi, who hopes to

ume affirms: "Its a rediscovery of the urban center as it was in Europe. You'll live near where you work. You won't have a downtown that's deserted at night and then a distant residential satellite."

Critics charge that the suburban office centers have simply introduced into unprepared residential areas the congestion of a midtown business district. They point to areas like southwest Houston, a formerly residential location where as many as 150 multistoried office buildings have been built in the last decade, including such large-scale projects as architect Philip Johnson's Post Oak Central, a three-building complex, each 24 stories tall. The area's roads have not been expanded enough to carry the loads they must now bear — and lengthy traffic snarts are rou-

Rapid Pace

But Houston's total absence of zoning laws means that the trend toward suburban office centers will undoubtedly continue. As long as developers comply with basic building codes, they can put virtually any building - from a luxury hotel to a pomogaphy bookstore -in any place.

Consequently, contruction in mans ready to buy houses.

snbnrban areas including Westheimer-Gessner, Galleria to the south and Greenway Plaza to the West, is proceeding even more rapidly than in downtown Houston. Land at such prime suburban locations costs as much as \$250 a square foot -- approaching down-town prices -- while in outer suburbia it sells for between \$5 and \$25 a square foot.

Throughout Houston's suburbs, the land is going commercial fast, seemingly regardless of the price. According to a report by Property Research and Investment Consultants, more than 64 million square feet of leasable commercial space had been completed in the suburbs as of July, 1981. More than 94 percent of that property has been leased, with rents ranging from \$12 a month per square foot up to \$50 for the most sought-after locations. Residential real estate is doing

almost as well. In the past 10 years Houston's population increased by more than 500,000. To meet the demand for new homes developers built 249,661 houses and apartements in that period. And while the housing market is now soft, real-estate analyst Steve Shepherd points out that if interest rates drop to acceptable levels, there is a large pool of middle-class Housto-

In recent years, however, Hous-ton residential developers have moved away from single family dwellings toward the construction of low-cost apartment complexes. That trend is typified by Harold Farb.

Mr. Farb, a Houstonian, con-

Surgeons monitor a patient's temperature while he undergoes whole-body hyperthemia.

trols companies that have developed more than \$1 billion worth of office, hotel and retail space. He manages 20,000 apartments and could well be the largest independent apartment operator in the world. Last month, in a development viewed as significant in Houston real- estate circles, he annonneed a massive construction project that involves erecting 25,000 apartment units over the next 10 years at three Houston locations. "After two years when financing has been bad it's beginning to break," he said. "We are seeing some daylight. I'm optimis-

Other residential developers have also begun furiously building lost-cost apartment complexes. Construction is under way around Houston on more than 15,000 spartment units that range in style from mock-Tudor to neo-colonial to Bauhaus minimalist, Houston's Chamber of Commerce predicts that construction will start on an additional 18,00 units by the end of the year.

Given the current United States recession and the worldwide oil glut - with its dampening effect of the energy industry - some market analysts fear that Houston real estate developers might have overbuilt. Mr. Borienghi, for example, built his luxury condominiums on speculation and, according to industry sources, he is having difficulty filling them. William Berry of Property Research says: "Some Buildings [in outlying suburban areas] are still sitting there without a tenant for so much as one square foot of office space a year after

But developers say there is a temporary fluctuation in demand. Overall absorption of suburban office space in 1981 was the highest ever: 10.1 million feet. And according to a report by the Office Network, Inc., the rate of absorp-Lon should increase by 14 percent over the next year.

The future of Houston's real-estate market hinges completely on the future of energy and American energy policy. Mr. Berry notes: "Natural gas is now being slowly decontrolled. And total decontrol would mean a big increase in demand for downtown and suburban office space."

And that, of course, would boost the demand for more housing.

# proudly and unabashedly a place for retailing

By Sharon Donovan HOUSTON - Whatever snagpickup trucks with sun racks, corporate cathedrals worshiping the bottom line or a medical center where miracles are performed.

Houston is unabashedly and proudly a place for getting ahead.

Along with the oil magnates and anking barons, retailers have found this to be true as well. Hous-ton retailers, who like to call the city the buckle of the Sun Belt, are city the buckle of the Sun Belt, are drawn here because, as one University of Houston professor said. "You are not plagued by government, you can put your store where you want taxes are flow and people have money." That, in a nutshell, describes the retailing climate of Houston.

All authentic touch of Texas has great bearing on the retail market mestern every amoriums such

as Cutter Bill's and Stelzigs, as as entiter but's and Stellags, as well as the special departments within the larger stores provide a texture of the country and western that separates flousion from other cities, while oil may provide the city's economic base.

ty's economic base.
The western influence in dres of course, is pervasive in Houston, and always has been. Although ways worn the western roundup look, the movie urban cowboy gave it considerable notonity throughout the world

In 1980, the most recent year fee which figures are available, the Houston-Galveston Standard Con-solidated Stanstical Area ranked solidated Statistical Area ranked seventh in retail, sales among 24 areas of U.S. metropolitan areas with populations of 1.5 million people. With a retail sales volume of 318.1 billion, this represented an increase of 62.5 percent over 1977. Projections into 1985 forecast a 99.9 percent increase of retail sales volume, which is expected to hit about 336 billion and boost Houston's ranking to fifth boost Houston's ranking to fifth

Retail sales per household — which breaks down to purchases by local residents, visitors, busi-

> River Oaks, Tanglewood, and Memorial Villages. don Representative:



nesses and government — was logged at \$15,920 in 1980. This put Houston first among the 24 areas and represented a 31.8-percent increase over 1977. By 1985, the retril sales per household is expected to be \$25,816, with Houston again earning a position in first place with a projected 62.2-percent increase over the five-year period between 1980 and 1985. tween 1980 and 1985.

While Houstonians' spending patterns contribute to the boost in

was retail sales, shopping centers — nis put now numbering more than 200 — areas with about 200,000 square feet of space under one roof make it espe-cially convenient for the consumer to spend. At least 18 of Houston's. shopping centers are considered major malls with at least 1 million

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THE FRENCH ART OF LIVING

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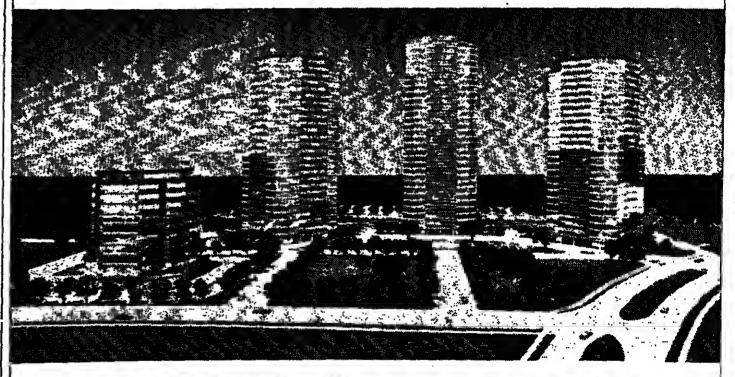
Dallas street, Houston Texas 77002.

square feet of retail space. Pre-eminent among these shop-ing mails is the Galleria, which observers say typifies the city. Containing everything that embraces the American spirit - climate control, piped-in music and beautiful people, it's Houston's cathedral.

Houston Center, which will eventually cover 33 city blocks, will be developed over a to to 15year period. And retailing is expected to occupy a considerable share of that space, along with of-fices and hotels, as well as some residential properties and cultural and entertainment properties.

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On Post Oak Boulevard, the heart of Houston's most dynamic area, Four Oaks Place is rising to become a new architectural symbol on the skyline. When complete in the Fall of 1983, the four building complex will contain 1.8 million square feet of unique office accommodations. More than 60% of the 20 acre site is dedicated to open landscape, the parking is predominantly underground, and three new streets will connect Post Oak Boulevard to South Post Oak Lane to enhance access. We invite you to discover why architect Cesar Pelli remarked: "This complex of crisp, colorful buildings speaks about optimism, new technology, vigor and beauty."

Four Oaks Place

A development of Interfin Corporation

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# INTERNATIONAL Herald Tribune

Page 13 Monday, April 19, 1982 \*

# **AM International's Debt Petition Proves Time Does Not Stand Still**

By N.R. Kleinfield

New York Times Service NEW YORK — In 1893, an inventor named Joseph Duncan breezed into Chicago to find his fortune with an automatic addressing machine. He sold a dozen of them in a year and was heartesed enough to form Addressograph Co. in 1896.

Meanwhile, Henry Gammeter had concocted a machine that could print a complete line or a complete page of characters at a single stroke, rather than mineing along a character at a time. In De-cember, 1902, he formed American Multigraph Co. in Chicago.

For several decades, the two-companies went their separate ways, though their products often churned away side by side in offices. It was a logical marriage, then, when the two joined forces as Ad-dressograph-Multigraph Corp. in

It was the start of one of the best-known companies in business annals. Its embossed metal address plates were once as common as ousiness cards in offices of every stripe. Furthermore, it became a darling of Wall Street, a must in many blue chip portfolios. The decades of success are now

just feeble memories for the office products company that changed its name to AM International, stimibled in a desperate effort to migrate from the mechanical to the electronic age lost \$245 million last year and Wednesday an-. oounced that it was seeking pro-tection under the bankruptcy laws while it worked out a reorganization plan with its creditors.

The collapse of AM international, a company only marginally profitable for most of the last dec-ade and dubbed "Addressograph-Multigrief" by some followers on Wall Street, is a classic case of a thriving company's failure to cope

with a new environment,
"It's been almost like a guy who
cootracts a fatal disease," said an analyst who has long followed the company. "I've just watched it 60 H shrivel up and die. It's very sad was there's a human tragedy here of ture," just awesome dimensions. There By have been families that built their life around this company and were so terribly misled. The generals couldn't have done worse at the Charge of the Light Brigade."

Through the start of the 1960s, things went swimmingly. The company had a lock on the duplicating usiness. Things began to sour in the mid-

1960s, when the commonly was addressing machines and copiers, ment napping.

# Japan Misses Target for Car Exports

Los Angeles Times Service

TOKYO — Somebody seems to
have made a mistake in the first year of Japan's self-restraints passenger car exports to the Unit-ed States.

In response to U.S. pressure, the seven Japanese automakers exporting to America agreed to hold total shipments to 1,680,000 cars for the 12-month period ending March 31.
They missed — by one car.
Statistics released by the auto

industry Friday show that actual ship loadings came to only: Nissan, maker of the Datsun, it

was reported, was the manufacturer that undershot its quota by one

"If the total had hit the limit right on the nose, somebody would accuse us of forming a cartel." Ta-kashi Ishihara, Nissan president, told Japanese newsmen. Mr. Ishihara is also president of the Japan Automobile. Manufacturers

Association.

Despite the restrictions, imported cars increased their share of the slumping U.S. car market to 27.1 percent in calendar 1981 from 26.7 percent the previous year. And in-ilation meant the U.S. auto trade deficit with Japan grew in dollar terms, despite the reduction in shipments of cars. In the year end-ed Dec. 31, the value of Japanese car shipments to the United States:

rose 12 percent to \$11.28 billion. The Ministry of International Trade and Industry has announced that Japanese automobile makers will again be required to hold passenger car exports to the United States for the 12 months that began April 1 to 1,680,000 units.

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managed off the back of an envelope," an analyst said. "They thought it should run on automatic pilot. They took their basic business for granted. Any time you take your basic business for grant-ed, you get killed I mean, technical gales were swirling around this baby. The water was rising and nobody even saw it."

Management panicked. The company pumped out new products - automatic duplicators, copiers, electronic communications systems related to offset presses. They failed. For example, in 1966 AM had to take its desk-top Brun-

AM had to take its desk-top Brun-ing 3000 off the market because it did not work.

In 1971, Charles Davis was rushed in from Honeywell to run the company, succeeding William Wilson, who was in his 70s. An an-alyst recalled: "Every single month, there was a oew surprise. They hadn't costed out machines right or they misprised words or right or they mispriced goods or they didn't have a handle on inventory. It was problem after problem after problem."

Xerox introduced its high-speed 9200 copier in 1974, and the popularity of such machines began to grow space. Much of that growth was at AM's expense.

In 1976, the company hitched its future to another star, Roy Ash. Fresh from the nation's capital, where he served as President Nixon's chief of the Office of Management and Budget, after having helped found Litton Industries, Mr. Ash took charge and even bought \$2.7 million of stock. He planned to rejuvenate the company by getting it into sophisticated products that would allow the company to shed its dinosaur im-

He was going to wrestle with the likes of Xerox and IBM. He moved the headquarters from Cleveland to Los Angeles, and he started to call AM "the Informationists." Heads flew. The average age of management dropped to 40 from 60. His job, as Mr. Ash once put it, change a corporate cul-

. By doing so, he was entering the fastest-changing, most hotly com-petitive marketplace with a very creaky company. The gamble was predicated on the assumption that the duplicator line — the company's cash cow — would not col-lapse before the oew prodocts got going. But the cash cow began to

One analyst said that Mr. Ash "I found perhaps a lot more than in the company by problems than I had initially going on an acquisition binge, thought," Mr. Bradshaw said, straining the cash reserves of the puffing on a pipe, during an intercompany. And then the Addressograph division began to sputter and cough. Xerox began to bleed off profits with its 9200 series."

jor mistakes. "We had a pretty suc-

By Robert J. Cole

eral of Houston has offered to pay \$1 billion in stock for the NLT

Corp. of Nashville, an insurance company that owns Nashville's

Grand Ole Opry.

The move, which is expected to

be opposed vigorously, has already touched off an investigation by the American Stock Exchange in NLT

stock options, which were traded heavily in advance of the an-

nouncement.

American General, a giant in-surance company that often buys substantial blocks of stock as a

stepping stone to takeovers, already owns 9 percent of the Nash-ville company. NLT filed antitrust

charges against American General last year when it said it might seek

Friday and was understood to have taken NLT by surprise de-spite American General's earlier

statements is expected to take considerable time — largely because most of NLT's operations

are beavily regulated at both state and federal levels.

Because NLT is a major insurer, insurance commissioners in three

states - Tennessee, Texas and Iowa - must give American Gen-

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The takeover offer, which came.

to buy 25 percent.

**CURRENCY RATES** 

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had revived an ailing auto parts company called Maremont.

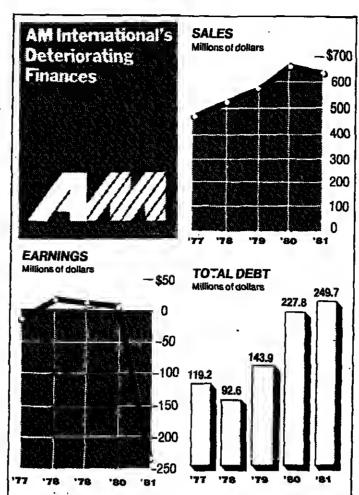
Mr. Black, after sifting through the company's affairs, accused the former management of being out of touch with reality and began to retrench. He moved the headquarters to Chicago, near the compa-

ters to Chicago, near the compaoy's older operations, and sold off
six of AM's units, mainly unprofitable technology-oriented businesses bought by Mr. Ash.

But the weight of its past continued to press down on AM. Late in
February, Mr. Black quit. Earlier,
he had filed a suit against former
AM officers, including Mr. Ash,
contending that they gave misleading information about the compaoy.

Mr. Ash, who is now managing his own investments, maintained that AM would be rolling merrily along had he remained in charge: "The management of AM since I left is completely responsible for the company's present condition. Any attempt to ascribe any of the problems to an earlier era is a com-

He added that he was oot surprised by the reorganization an-nouncement. "It didn't surprise me after the very bizarre and even outrageous events of the last year," he said. "Nothing at AM should



# **Bradshaw Strives to Compensate** For RCA's Missed Opportunities

hington Post Service

NEW YORK - Thornton Bradshaw, who took over as chair-man of RCA 10 mooths ago, says that more than anything else, the beleaguered company needs time.
The question is whether there is

enough time for RCA, the company as responsible as any for the development of the U.S.broadcasting system, to catch up with an industry that may be passing it by. The answer is likely to say a

great deal about the future of the communications industry, as well as the future of RCA, a company with 117,000 employes, assets at the end of 1981 of close to \$8 billion and a laundry list of problems almost as tall as the Rockefeller Center tower, where the RCA initials are a fixture over this city.

puffing on a pipe, during an interthing is that this is the time for a and cough. Xcrox began to bleed off profits with its 9200 series."

Mr. Ash, for his part, denies that his reign had anything to do with AM's demise and admits to no ma-

cessful company going up until
February of 1981," he said
Wednesday.

In February, 1981, AM's directors asked for Mr. Ash's resignation. They got it. To replace him, they recruited Richard Black, who

control of the company.

Texas and Iowa are waiting to

see what Tennessee decides — Tennessee bas twice rejected American General's original plan

to buy stock in the open market as

not in the best interests of stockholders. Its present plan is thought

to be designed to overcome those pjections. NLT also owns a thrift institu-

tion, the State Savings and Loan Association of Salt Lake City, oow up for sale, but American General

would oeed authorization from the Federal Home Loan Bank Board

As owner of WSM radio sta-

tions in Nashville, NLT is also subject to Federal Communica-

tions Commission regulation, and

consequently American General would need FCC permission to

In yet another major hurdle, NLT last fall sued American Gen-

eral on antitrust grounds. The case goes to trial in Nashville next September.

to proceed.

take it over.

American General Set to Pay

New York Times Service eral approval before it can buy more than 9.9 percent of NLT, a position decined to be a change in

\$1 Billion in Stock for NLT

Sales in the quarter were \$1.96 billion, a 1 percent advance from

For oow, the two other major In recent years, a major cause of RCA's problems has been instability in its board room. Robert Sarooff, son of RCA's founder, was removed as chairman in 1975 and was replaced by Anthooy Conrad. Ten months later, Mr. Conrad left after it was revealed that he had oot filed income taxes for five Mr. Bradshaw's predecessor, Edgar H. Griffiths, followed, but

was ousted by a bitter board of directors in January, 1981. At the time, Mr. Griffiths was criticized by company insiders for failing to establish corporate goals for RCA.
The previous year, Mr. Griffiths
hired Maurice R. Valente as presi-

dent of the company. Six months later, Mr. Valente was fired. "You only get one chance to make a mis-take like that," Mr. Bradshaw said. Only a few weeks after Mr. Valente's departure, Jane Cabill as chairman of the NBC subsidi-

Mr. Bradshaw, who signed a \$4.5 million, five-year contract, is planning on a dramatic rebuilding of RCA and a redirecting of the company's currently limited cash. The goal is turning RCA toward what Mr. Bradshaw, an erudite, 64-year-old former president of Atlantic Richfield, views as the company's historic mission: electronics, communications and en-tertainment.

As a result, the company is redefining its corporate identity at a time of unprecedented redeployment of assets in every sector of the communications industry, changes altering businesses as diverse as radio, television, cable TV, satellites and film. And it must face much stiffer competition from Japan in consumer electronics. where it was a longtime leader, while it lacks the power, clout and bottom-line stability that RCA's NBC television network — deep in third place in the network sweep-stakes — historically brought the

### Another Boom

"There was a misconception around here for quite a long time that electronics was a mature industry," Mr. Bradshaw said. "It was an easy misconception to fall into. Ten years ago it looked as though we had come to a plateau in consumer electronics. Today, it is just as obvious that we are facing an extraordinary explosion in communications, in the need for entertainment software and in the electronics that feeds the whole

"Who's going to win?" Mr. Bradshaw asked rhetorically. "We don't know that. If I had the answer I'd sure keep it to myself. RCA's game plan is to be involved with as many of the delivery sys-

tems as it possibly can, to play as many oumbers on the green table \$1.94 billion last year. as we can.

> national television concerns -CBS and ABC - are lumbering along with RCA toward a new era. When RCA's joint cable programming venture with Rockefeller Center Inc., The Entertainment Channel, makes its debut later this year, all three giants will have stepped into the cable program-ming market with so-called "cul-RCA's venture will be fueled by BBC programming, long the fare of public television, in an effort Mr. Bradshaw says is different from ABC and CBS satellite octworks because it combines

But the irony for RCA lies in the fact that it was an RCA satellite that provided the impetus for the current programming boom, sup-plying for Time Inc.'s Home Box Office the distribution mechanism 1970s, the ballooning pay television market. That is but one example of a litany of missed opportunities that clutter RCA's recent past. "I wish we had been there," Mr. Bradshaw observed. "But," be

mass entertainment with a tinge of

added, it would take a "loog arti-(Continued on Page 15, Col. 5)

# Bankers Set 30-Day Delay On Loan to Argentine Utility

By Carl Gewirtz

PARIS - The seven lead managers of the \$200-million loss for the Argentine electricity utility Segba met in New York Friday and unanimously agreed to put the operation "on ice" for 30 days,

The original timetable had called for the loan, which was vir-tually completed, to be signed by

### SYNDICATED LOANS

early May. The managers agreed to meet in 30 days to review the

The EEC ban on Argentine imports will deprive Argentina of about 27 percent of its normal foreign-exchange earnings, and bank-ers are worried that if fighting de-velops Argentina could be forced to default on its foreign debt. Even if the dispute over the invasion of the Falkland Islands does not escalate into a shooting war, some bankers believe that the credit standing of Argentina will have to be re-evaluated

Sources said at least one lead manager of the Segba loan is calling for terms to be revised upward. The proposed terms were a split margin of 1½ percentage points over the London interbank rate for the first four years and 14 points over for the final four years. Lenders using the prime rate as the base for calculation were to have been paid an eighth of a point less. How much of an increase is ac-

tually being sought was not divulged. But some bankers not in-volved in the Segba deal argue that they see no reasoo why Argentina should not be paying as much as Brazil currently pays - 21/2 points over Libor.

Bankers said that the situation in Argentina is casting a pall over Latin America in general. The region represents the area of greatest exposure for banks, which at latest count have outstanding about \$168 billioo m loans against deposits amounting to only \$53 billion.

Thus, relatively little new Latin business is coming to the market. Occidental Corp. of Peru is seek-ing \$250 million for seven years. This is a project loan, to be repaid from the cash flow generated from the production of oil. Interest will be set at 14 percentage points over Libor for the first four years and 1% points over Libor for the final three. Bankers opting to use a risome. Prices in the bood market prime-rate base will be pay a quarter-point less

Venezuela's state bank supervising savings and loan institutions, Banap, is raising \$250 million through the public sale of certificates of deposit. Interest will be set at a half-point over Libor, and lenders have the option of taking two- or three-year paper.

Officials from Ecuador visited London banks last week advising them that the government will be seeking up to \$1.2 billion in the Euromarket this year for the pub-lic sector. The officials also scaled down the amount need for the private sector. Several weeks ago, of-ficials had indicated publicly that they would be seeking up to \$900 million to refinance private sector debts. But bankers last week were told that the amount would be a good deal smaller. Even so, bank-

ers were muttering that Ecuador was grossly overestimating its borrowing potential.
In sharp contrast to the hesitation about Latin America, banks are falling over themselves in a rush to lend to Asia, widely

economic growth and an area where banks have relatively modest exposure — loans of \$102 billion against deposits of \$82 bil-

Thailand was able to use these pluses to get the lowest terms ever on a 10-year, \$200-million loan for its petroleum agency PTT. It will pay % point over Libor for the first eight years and half a point over Libor thereafter. The terms were considerably more aggressive than what many bankers had been expecting — a maximum of six years for the low % point margin. South Korea scored an optical

coup on a \$500 million loan for the Korean Exchange bank. Interest is set at % point over Libor for the first two years and 1/2 point over (Continued on Page 15, Col. 1)

# Heavy Flow of New Issues Takes Toll on Bond Market

By Carl Gewirtz

perceived to be a major area of

International Herald Tribune
PARIS — The Eurobond market began to run out of steam last week as a heavy flow of oew issues, bearing very aggressive terms, failed to get oeeded support from the money market. Short-term interest rates re-

mained stubbornly high, diminishing the attraction of buying sevenyear bonds yielding slightly more

### **EUROBONDS**

than 14 percent when one-month money deposits were paying 15 7/16 percent on an annual basis. Analysts were uncertain how to interpret the rise in short-term rates from the 14 percent prevail-ing a month ago. Some suggest the Federal Reserve has actually tightened its policy, driving up rates. Others believe the increase flowed from the anticipated buige in the

April mooey supply.

Whatever the answer, which remains a mystery, there was oo escaping that the moocy supply did indeed bulge. Late Friday, the Fed reported in New York that the M-I measure of the money supply soared \$7.1 billion in the week ended April 7 — the upper end of forecasts that had predicted the figure would be between \$3 billion. and \$8 billion. If you believe that mooey talks,

the message from the U.S. markets was that the increase was not worremained rather stable a lar closed below the day's high against the major European currencies. Motivating this optimism was the 14% percent closing rate on federal funds, down a full point from Thursday, and a belief that this cost of overnight money, from which all other rates are scaled up, would continue to ease this week.

This expectation is based largely on the signs that the recession is deepening - a renewed fall in industrial production, another decline in retail sales and a drop in inventories — and that the admin-istration and Congress may be near a settlement in their dispute over the budget deficit. An end of that conflict resulting in a lower deficit would free the Fed to attack the recession by lowering interest

The problem for the Eurobood market is that most of the recent dollar issues have been offered at terms that anticipated a significant decline in interest rates. Uotil that view is confirmed, the market is likely to suffer from an overhang of unsold paper.

### Ready Money

The general explanation for the heavy calendar of new issues is the very large \$2.82 billion worth of money theoretically available for investment this month from interest and principal repayments paid on outstanding Euroboods. Ac-cording to the annual study made by Orion Royal Bank, the April volume of so-called fund reflows are the largest for any mooth this

The worst performance of the week was turned in by American Express. Underwriters were complaining of being called on to take their full commitment, a sign-that the issue was not really placed. The \$75 million of seven-year paper was sold at par bearing a oupon of 14% percent and ended the week yielding 14% percent at a price of 97% - a capital loss of 1% perceot for anyone unlucky enough to have paid the full issue

A \$200-millioo issue for triple-A-rated Phillips Petroleum did as (Continued on Page 15, Col. 1)



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KREDIETBANK S.A. LUXEMBOURGEOISE

# Heavy Flow of New Eurobonds Takes Toll

(Continued from Page 13) badly, losing 1% percent. Offered at par bearing a coupon of 14 percent, the seven-year notes ended the week at 97% to yield 14½ per-

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Getty Oil, another triple A is-suar, benefited from being lannehed a week before these other issues and was able to increase the size of its offering to \$125 million from the planned \$100 million. Its seven-year paper, sold at par bearing a compon of 14 percent, ended the week at 99 for a yield of 1414

Southern California Edison, hich cut the size of its 30-year domestic U.S. offering by \$75 million to \$125 million, issued \$75 million of seven-year Euronotes at par bearing a coupon of 15 percent, The Euroissue was increased from the \$60 million initially announced and ended the week quoted at 99% for a yield of 15.18 percent. Bankers estimated the company saved half a percentage point by borrow-mg here — a reflection of the strong international demand for high-grade U.S. paper. Southern California Edison's domestic se-cured paper is rated double.A.

making this unsecured issue the convalent of a single-A.

By contrast, state guaranteed issues, despite the backing of a triple-A rated guarantor, were not able to command terms comparable to the Americans.

Eksport Finans, guaranteed by Norway, sold \$50 million of sevenyear notes at par bearing a coupon of 141/2 percent. The notes, offered to institutional investors at a price of 99 for a yield of 14% percent, ended the week at 98%.

Ontario Hydro, guaranteed by Ontario, sold \$150 million of seven-year paper bearing a coupon of 14% percent at a discount of 99% to yield 14.81. But the issue was quoted at week's end at 99.

Currently on offer is a \$40-million, seven-year issue for Kansas Gas & Electric, whose domestic first-mortgage bonds are rated triple-B, the lowest level that is still considered to signify investment grade. The issue is secured by a pledge to issue first mortgage bonds, effectively keeping the same rating for the Euroissue. The notes bear a coupon of 15% per-cent and are priced at 99% to yield

# Credit to Argentine Utility **Delayed by Lead Managers**

for the final six years — the first % point element ever for South Korea. But bankers insisted that to focus on the low margin was to

Only \$300 million of the loan is tied to Libor. The remaining \$200 million will be priced over the prime rate — the first time Korea has agreed to using the prime rate. And this, bankers said, will raise the cost of the loan. They reported that overall Korea will be paying "marginally more" for this loan than on the recently completed deal for Korean Export-Import Bank, which paid half a point over Libor for eight years.

Interest on the prime-based portion is set at 0.2 points over the prime for the first four years and 0.25 point over in the final four years. KEB has the option to use an alternate base - the rate on 90day certificates of deposit (adjust-ed for reserve requirements) — if the prime rate is 1¼ percentage points or more greater than the adjusted CD rate. KEB will then pay 14 points over the CD rate. This is the case currently and, by way of comparison, KEB's interest payments would run around 16% per-cent on the prime portion and 15%. percent on the Libor part.

The prime pricing is sufficiently attractive to overcome the natural aversion of lenders to the % percent pricing on Libor," one

Banks will be offered the primebased loan on a pro rate basis to the amount of Libor-based por-

the just completed loan for Denmark set a margin of 0.15-0.25 week to iron out differences.

points over the prime rate and the so-called "cap" on its exposure to an inordinately high prime rate was set at 1.1 percentage points.

The long awaited \$600-million loan for Santos of Australia to finance development of the Cooper Basin oil and gas fields has finally reached the market. Interest will be set at 14 points over Libor until interim completion of the project, espected in July, 1983, and 14 point over Libor until completion, espected the following completion, expected the following year. From then until 1991, inter-est falls to 1/2 point over Libor. Santos has the option to borrow

some of this in Australian dollars -up to 45 million dollars through a term loan and up to 55 million dollars in the form of a bill facility. Banque Arabe et Internationale

d'investissement is putting together a \$50-million, 10-year loan for FGB Holding Co. of Virginia. The loan will be a refinancing of the bridge loan BAII provided to Mideast investors who purchased Kinascial General Residence. Financial General Bancshares, a holding company which owns 11 banks in five states, for a total of \$230 million. The loan will be collateralized by not less than 90 percent of the shares of Financial General, which last year earned \$20 million in profit.

Interest on the loan will be set at 14 points over Libor. This is a net payment, there will be no fees or In Europe, bankers reported dif-

In contrast to the 14 percent coupon paid by the triple-A U.S. issuers, the World Bank, also rated triple-A, sold \$100 million of seven-year paper at an anticipated 6% percent. It can do this because both interest and principal are payable in terms of Swiss francs. The exact amount of francs will be set Monday, when the coupon and issue price will also be fixed. The franc value will only be a nominal expression as the World Bank's payouts will be in dollars. But if the franc appreciates, investors will get more dollars than the stated dollar equivalent at Mon-day's fixing. If the franc depreci-ates and is worth fewer dollars, the World Bank guarantees to repay not less than the dollar value set

Monday. Unlimited Cains

This gives investors unlimited gains in the event of a Swiss franc revaluation and a guaranteed floor in the event of a depreciation. The World Bank itself estimates that the franc would have to appreciate 70 percent from its prevailing level before the benefits of the lower coupon would be eroded by forcien exchange costs.

Bankers estimated that a third of the issue has been sold outside Switzerland. It is being sold free of the traditional Swiss stamp tax and will trade in terms of Swiss francs. The Swiss National Bank has given no indication whether it will approve other such transac-tions. For the time being, it is studying the market response to the World Bank issue.

In the floating rate sector, Banque Nationale de Paris is offering \$250 million of seven-year notes. Interest will be set at 1/4 point over the London interbank offered rate, Each \$10,000 note bears one warrant, good for one year, to buy a like amount of 144 percent fixed-rate paper due May, 1990, at par.

BNP, focusing on the \$450 milbion of ourstanding warrants to buy fixed dollar paper from French borrowers and fearing an-other \$250 million might oot find a ready audience, thought it needed to offer some sweetener and thus paid % point over Libor compared to the recent issue for the SNCF. which sold its six-year floater at Libor. BNP misjudged the market, bowever, and the notes were quoted on a when-issued basis of 100%. Egypt's state-owned Banque Misr is actually issuing floating-

rate certificates of deposit and not floating-rate notes as reported a week ago. The two-year facility is extendable at the option of the holders for another two years, in which case the redemption price will be 100%. Interest will be set at % point over Libor. In the convertible market,

Yamaichi International is lannchng a small \$12.5 million issue for Asics Corp., one of Japan's largest ferences over marketing strategy sporting goods companies. This is between the lead managers and the borrower is delaying the syndication of the \$300-million loan for cantionsly. The componer of personal cantions of the same of the sa ing is scheduled to be held this than the 51/2 percent offered on

addition, if investors are unhappy with the performance of the shares they can request redemption after three years at a premium 20 per-- a gain which would substantially increase the effective

On the other hand, the managers believe that the downside risk on the currency is very limited. In addition, the Tokyo share price of 519 yen looks reasonable com-pared to last year's high of 576 yen. The high so far this year has

been 549 yen and the low 490 yen.
In yen, Denmark is offering 15
million yen of 10-year bonds bearing a coupon of 8% percent and priced at par. The Deutsche mark sector of the bond market began its six-week calendar of 1.6 billion DM worth

of new issues with a bang. Canada, making its first publicly listed DM issue, sold 200 million DM of seven-year paper at par bearing a coupon of 8% percent the lowest coupon seen in the past 18 months. At 9814, less the underwriting commission and selling concession, the paper yields 8.85 percent. At 99%, where Deutsche Bank, the sole manager, is holding the price, the paper yields 8.6 per-

### Beneficial Offering

Also on offer are 100 million DM of seven-year bonds for Beneficial Overseas Finance bearing a coupon of 9½ percent and a 100 million DM, 10-year issue for Renfe, the Spanish state railway,

bearing a coupon of 10 percent.
The recent 10½ percent issue for Telefonica, the Spanish telephone utility, is trading at 100% to yield

10.42 percent. In the Canadian dollar sector, Hudson's Bay Co. is offering 40 million dollars of seven-year ootes bearing an indicated coupon of 17 percent. Bankers report that high-coupon Canadian dollar issues appeal to investors in the Benelux countries, but the bankers said they themselves are unhappy with the illiquid state of this sector of the market.

Hodson's Bay, considered a weak single-A credit, is estimated to be saving about half a percentage point over prevailing domestic Canadian rates by borrowing here.

In the guilder market, Amster-dam-Rotterdam Bank sold 150 million guilders of five-year notes at par bearing a coupon of 10 per-

### Eurobond Vields Week Ended April 14 Int'l inst. Ig. term USS... 14.94 %

Ind. long term, USS	15.03
Ind. medium term, USS .	15.98
Can.S medium term	16.23
French fr. medium term.	17.58
Int'l inst. Ig term yen	8.17
ECU medium term	13.67
EUA long term	12,20
Int'l inst. lg term LF	10.76
FL long term the Luxunt	10.98
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Market Turnover Week Ended April 16

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Eurocl.	5,967.6	3,429.0 5,473.8	493.8

# RCA Strives To Capture Lost Chances

(Continued from Page 13) cle" to "look at the opportunities

we've missed." What RCA has going for it as it struggles for rejuvenation is a strong satellite business, a tochold in the growing (though not as fast as RCA expected) videodisc business, a large staff of about 6,200 scientists and engineers, and an existing television network.

Heavily Leveraged

"Terrific," he exclaimed when asked bow be would categorize NBC's potential. "We've got more potential than anybody else," he said with a laugh. The network has only to move into a position of evenly sharing the television mar-ket with ABC and CBS to raise its profitablity by \$175 million, Mr. Bradshaw said.

Going against Mr. Bradshaw's grand design, however, are RCA's heavily leveraged financial portfolio, deep debts at a time of continuing high interest rates, NBC's cellar-dwelling status and a seemingly endiess stream of bad news. The company is overexpanded as it is overdiversified," he said. He has formulated the long-term

RCA plan with its emphasis on technology. As a result, he has put the company's Hertz Corp. subsi-diary on the block, and RCA is "negotiating seriously with several buyers," including Firestone Tire & Rubber, for the sale. That move would rid the company of \$1.4 bil-lion in debt and provide potentially as much as \$800 million in cash. An effort to sell the profitable CTT Financial Corp. has been abandoned. "It would have to be sold for over a billion dollars, and that's a lot of money in today's market," he said.

RCA has sold Banquet Foods. which sells frozen chicken and other food products.

Further, Mr. Bradshaw has been forced to order a sharp slash in the price of the RCA videodisc equipment, down from \$500 a unit to \$300 per player. On the other hand, the discs themselves "are going like gangbusters," he said.
"Perhaps we learned a lesson that this is a software-driven business."

Mr. Bradshaw is trimming fat at RCA, he said, noting a cut of 90 people from a staff of about 700 at the management level.

Will Mr. Bradshaw have time to carry out his program? "The situation is precarious only in that I suppose people will raise the questioo of whether we will have the time or whether somebody is going to come in and attempt some form of takeover," he said. "We don't want to be interrupted. Like President Reagan, we want the time, but like Reagan, we may not get it. I think we will.

This full year will be considerably better than last. We've cleaned all the discrete messes we could get our hands on."

# London Set for a Future in Gold

By Paul Iredale

LONDON — Trading in the increasingly popular field of gold futures was to begin in London Monday — at a time when the metal's price has received a boost from a rise in international ten-

London, the pre-eminent pricing center for the world gold trade through its twice-daily fixings by bullion houses, has been slow to move into futures in the metal. Gold funires markets in New

York and Chicago have been highly successful, and the oew market in London will fill the time gap between these and trading centers in the Far East.

The market will give traders the chance to hedge against sharp price changes by buying contracts months ahead or to speculate on changes by buying and selling con-

The price of gold has risen by about \$50 an ounce since its twoyear low of \$311.50 an ounce in mid-March, pulled up by the Falk-lands crisis and tension in the Middle East before Israel's scheduled withdrawal from Sinai this month.

Futures trading is normally more active when prices are rising, and dealers hope for early profits when the market opens in Plantation House, a commodity trading center in the financial heart of

London. But the success of the market will depend on interest in gold. Dealers said that despite the shortterm improvement in the price re-cently, a lessening of tension in the Middle East and a solution to the Falklands problem could cause the price of gold to plummet.

Western interest rates drop. The London Gold Fotures Market has 38 floor members, drawn from the major bullion houses and

from the Londoo Metal Exchange. Trade will be in contracts of 100 ounces as in the U.S. gold futures markets, but deals will be made in sterling, a controversial decision that has been criticized both in London and internationally.

there will be any long-term im-

provement in the gold price until

the world economy recovers and



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Chicago Exchange Options
For the Week Ending April 16, 1982

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SECOND NOTICE TO HOLDERS OF FLOATING RATE NOTES 1981-1991 OF U.S. \$5,000

The noteholders of the international floating rete loan 1981-1991 issued by SOCIETE GENERALE who were called for April 14, 1982, being unable to meet validly for lack of quorum, the noteholders are again convened to an Ordinary General Meeting, or 50, Boulevard Haussmann, Paris-9. France, on April 29, 1982, at 3 p.m. in order to consider the same agenda as that for the first meeting, that is:

Appointment of the noteholders' permanent representatives, designation of the substitute representatives.

Determination of the noteholders' representatives' capacities and

To permit the noteholders to attend or to be represented as this meeting, the notes or their deposit receipts, zoust be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these notes and from whom proxies

L'ADMINISTRATEUR GENERAL

Con Total State of the Control of th

Cal.an & P

run of the seasoo to give Montreal

4-3 triumph over the Mets.

Cardinals 3, Phillies 2

In St. Louis. Boh Forsch pilched

six-hitter through seven innings

and had two hits in leading the Cardinals past Philadelphia, 3-2.

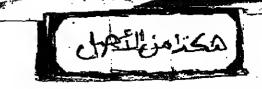
Padres 8, Dodgers 3

In San Diego. Sixto Lezcano's sixth-inniog double scored Rup-pert Jones from first with eventual

the winning run and Luis Salazar had two RBIs as the Padres

Giants 6, Reds 1

breezed past Los Angeles, 8-3.



Over-the-Counter ued from Page 16) 25 hi + 3 U.S. Bat Makers Shut Out In Bid for Japanese Market

consists mostly of aluminum bats. In addition to its hig leagues, Ja-pan has 1.2 million amateur play-ers on 61,551 teams, Mrs. Mascoli-WASHINGTON - It may be a brand new baseball season, but U.S. bat manufacturers continue to strike out in Japan, where they.

build up their trade names in Japan with succeeding generations of Japanese baseball fans.

After slugging away for a number of years, U.S. bat makers are Several years ago, American bat manufacturers such as Hillerich & calling foul play on the Japanese Bradsby Co. Inc., which produces for refusing to certify foreign basethe Louisville Slugger and which has annual sales of \$38 million. statted making the lightweight bats, which retail from \$18 to \$40, Japanese government for several months. When the Japanese gov-Mrs. Mascolino-Esser said. About six mooths later, the Japanese began manufacturing their own aluit was taking steps to open its mar-kets to foreign goods, the Japanese Ministry of Education issued guiminum bats.

### Spectator Hurt

dance to all of the private sports A Japanese Embassy spokesman said the certification process was started after a spectator at one of the games was injured by a metal Trade Representative's office.

But the U.S. sporting goods manufacturers said they have yet Japanese-made. gle sale. The Japanese are balking

did not know what kind of bat it

sending certification papers to the U.S. firms written in Japanese and demanding clarification on applications, according to Maryanne Mascolino-Esser of the Sporting

Goods Manufacturers Association.
The Japanese leagues have not yet said officially that they will accept the U.S.-made bats, she said. he thought that U.S. bat makers At stake is the \$30 million Japa-nese baseball bat market, which would be able to play ball in Japan "very soon."

By Jane Seaberry

are effectively prohibited from get-

ting a handle on the Japanese baseball-bat market

The issue has been discussed by

the Reagan administration and the

ernment announced this year that

associations to approve Toreign

products, according to the U.S.

to make it to first base. Not a sin-

and using delaying tactics such as

The bat makers also want to

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bat that broke during play. Mrs. The embassy spokesman said he

The spokesman said the situation was oot under government

control because all sports leagues are privately operated.

Donald Abelson of the U.S. .Trade Representative's office said UFriGrp
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12% 25%- 62 1-16 244 + 72 164 454 + 14 164 + 15

EASTERN CONFERENCE

### **Consolidated Trading** Of AMEX Listings

Week Ended April 16, 1982

x-San Antoni y-Houston y-Denver Kansos City Dailas Utoh Soles Hish Low Lost Chee 2,246,300 9% BVs 8% +% 4% 620,700 12% 11% 11% 14% 544,400 6% 5 6 +1 494,420 37% 29% 32 +1% 437,100 29% 26% 29 +336 372,800 12% 15% 16 +4% 132,300 6% 575 59 3% -1% 1318,300 13% 12% 13% 299,000 17 15% 16% +13% x-Los Angelos y-Seatile y-Phoenix Golden State

Valume: 19,960,000 shores Year is Dole: \$16,050,000 shares Issues traded in: \$36 Advances: 401 / declines: 382 / u New Highs: 21 / new lows: 28

Kredietlux Indices

CLASSI

# Rangers Spoil Home Opener for Brewers,

MILWAUKEE - Pinch hitter Bill Stein drove in the tie-breaking run with a double in the 10th in-ning and the Texas Rungers added two more runs to beat Milwaukee, 4-1. Friday, spoiling the Brewers' home opener.

Mike Richardt began the winung rally with an in infield single off Brewer relief ace Rollie Fingers (1-2). Mike Wagner followed with a single, before Stein, hatting for

### FRIDAY BASEBALL

Doug Flynn, broke a 1-1 tie with his double. Lee Mazzilli in another run and leon Roberts' long sacrifice fly accounted for the third. Ranger starter Dave Schmidt re-tired the first nine hitters before Paul Molitor poked a ground-singie to lead off the fourth. Molitor eventually came around to score on a groundout by Cecil Cooper.

The Rangers tied the game in the fifth on Wagner's RBI single. Stein is one of the few remaining pinch-hitting specialists in the American's League designated-hitter. "In that situation, I've just got to get the bat on the ball and hit it somewhere in the air," said Stein, who in one stretch last year

had seven pinch-hits in a row and was 9-for-20 overall in 1981. Said Fingers, the American League's 1981 most valuable play-

### er and Cy Young Award winner: Wood to Air Forbes Won

NEW YORK - Air Forbes Won overtook pace-setting Shimatoree in the final strides Saturday to win the 14-mile Wood Memorial for three-year-olds Saturday at Aqueduct. The victory by a neck sends Air Forbes Won to the May 1st Kentucky Derby with four victo-ries in four races, all this year. Ridden hy Angel Cordero, Air Forbes Won covered the distance in 1:51, well off the record of 1:47.2 set by his sire, Bold Forbes, in 1976.

L King 22: Thomos 24, Long 231.

Friday's Results
Atlanta 169. Indiana 91 (E. Johnson 22. Drew
or Knight 26 Dayls 191.

nia IOL Washington 94 (Erving 22.

Free 19. King 18).

ns 19: Parish 21, Robey 151.

Phoenity 113, Portland 99 Thompson 25, Gross 131, New Jersey 113, Boston 9

WESTERN CONFERENCE

,679 ,519 ,437 ,432 ,407 ,185

.642 .548 .549 .506 .201

### Blue Jays 2, Red Sox 0

In Boston, Jesse Barfield tripled in his first two two runs of the season and Luis Leal (2-0) scattered seven hits through eight innings to lead Toronto past the Red Sox. 2-0. In the fourth, Barfield followed back-to-hack singles by Hosken Powell and Ernte Whitt with his drive to the center-field warning

### Royals 3, Indians 1 In Cleveland, U.L. Washington tripled home Lee May with the go-ahead run in the seventh and Vida

Blue and Dan Quisenberry combined on a four-hitter to pace Kansas City past the Indians. 3-1. Yankees 10, Tigers 2 In Detroit. Lou Piniella drove in three runs with a pair of doubles in the first two innings and Roo Gui-dry pitched his first complete game in two seasons to help New York defeat the Tigers, 10-2. The Yank-ees teed off on Pat Underwood (0-

# i), piling up a 7-0 lead after two innings. Guidry (1-0) had not pitched a complete game since July 23, 1980. Angels 4, Twins 2

In Anaheim, Calif. Doug De-Cinces hit a two-run homer with two out in the 10th to lift Califor-nia past Minnesota, 4-2.

### Mariners 5, A's 0

In Seattle, Al Cowens his a three-run homer to back the sevenhit pitching of Floyd Bannister as the Mariners romped past Oak-land, 5-0, before a home-openes crowd of 23,856. Cowens' two-out shot in the fourth off Mike Norris (0-2) capped a four-run outhurst that helped Seattle snap a threegame losing streak.

### Braves 5, Astros 3

In the National League, in Houston, Brett Butler's two-run

NBA Standings.

Son Antonio 118, Dollos 106 [Gervin 35, Diberding 25; Aguirra 24, Cooper 181, Konsos City 123, Denver 121 15, Johnson 21, E, Johnson 19; English 25, Issel 24). Chicogo 112 Cleveland 102 [Glimore 28, Theus 20: Brewer 31, Wedman 23]. Allivoulse 112, New York 99 (Ma., Johnson, Mancriel 24, Mal, Johnson 26; Cartwright 19, Pichardren 161.

# Major League

**Standings** NATIONAL LEAGUE ,727 ,600 ,571 ,429 ,364 ,272 Suhmdoy's Results Donver 130, Datios 124 (English, Issel 32, hampson 18: Viacen! 26, Apolite 31). New Jersey 147, Oelmii 132 (R. Williams SZ. B. AMERICAN LEAGUE New York

"My arm left fine. It was one of those days when I just hod oothing." single highlighted a five-run sixth thot carried Atlanta to a 5-3 victory over the Astros. extending the Braves' unbeaten string to nine games. Atlanta starter Rick Maler lost his string of 26 consecutive shutout innings in the fourth when

### Tony Scott and Jose Cruz hit coosecutive singles and scored on Alan Ashhy's double.

Pirates 7, Cubs 6 lo Pittshurgh, Omar Moreno singled home Tony Pena from third with one out in the 12th to give the Pirates a home-opening 7-6 decision over Chicago. Enrique Romo picked up the victory with two perfect innings of relief.

### Expos 4, Mets 3

Saturday's Results

NATIONAL LEAGUE

and Benedict: J.Niekro, D.Smiln 171. Sambl (9) and Ashby. W. Hanna, I.O. L.—J.Niekro, I-1.

St. Louis 230 000 10x-4 10 Cariton, Reed (4). Brusslar 18) and Plaz

tauseholder 121. LoS Angeles 100 020 000—3 6 3 San Olego 301 000 000—4 0 2 Golsz, Power (31, A.Pena 151, S.Howa 171 and Sciascia; Manteriusco, Show 151, Lucas 19) and

adv. W-Show. 1-0. L-Goltz. 0-1.

AMERICAN LEAGUE

Onlogo 084 002 065-01 3 0 084 002 065-01 3 1 1 Poinner, Steworl 121, T.Martinez 16) and Nolon, Demosey 101, Dotson, Hickey 15), Heyr (7) and Faley, Hill (41, W— Hayl, 1-0, L— T.Martinez, 0-1, HRS—Bellimore, Devoe 111 Populate 21 1 1

Seamle (20, Warden (2), VandeBere (4), VandeBere (6), Stanlan (7), Caudill (8) and Essian, Bulling (8), W- Keeugh, 24, L-MAMoore, 0-2, HRS-Oakland, Murpay (2), Spencer (2), Lopes (2). Seattle, Maier (3).

John, Frazier (4) and Faote: Marris, Saucie 18) and Wockeniuss, W-Marris, 2-1, L-John, (

Saad Muhammad Wins

Shot To Regain Crown

The Associated Press

Matthew Saad Muhammad earned a chance to regain the World Box-

crown by stopping Pete McIntyre

at 2:28 of the second round here

Saad Muhammad staggered

McIntyre with a powerful left

hook early in the round; a right

and left to the jaw floored McIntyre, and referee Tony Perez had seen enough. Saad Muhammad lost his ninth title defense to

Dwight Braxton four months ago; he will get a summer rematch if

gets past Lotte Mwale

Saturday

Braxton

May 22.

ATLANTIC CITY, N.J.

18) and Wockeniuss, W-Morris, 2-1, L-John, G-L HR-New York, Murcar 11), Delroil, Cobell

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First Germs
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2 and Dempsey; Burns, Barolos 16
4—Burns, 2-0. L.— D.Martinez, 1-0.
Luzinski 11).
Second Germs

ec. 1- I. L— Burris, 0-2, 000 000 000—0 3 230 000 10x—4 10

110 010 052—10 16 0 000 200 000— 2 9 2 ondez 101 ond Moreland, Davis I. Moskou 15), Griffin 18), Romo — Noies, 2-1, L.—Boumgorien, Thompson 121, Durham 11).

In San Francisco, Rich Gale (1-0) pitched a three-hitter and Milt May hit his first homer of the season to propel the Giants over Cincinnati, 6-1. In New York, Al Oliver led off the ninth with his second home

# Friday and Saturday Major League Line Scores

South 200 000 000—2 6 1 000 010 000—1 4 1 ums (51, Honnia (5), Garber 171 Hiekro, D.Smiln (7), Sambita

### Friday's Results

KATIONAL LEAGUE 000 120 300 000-6 3 011 030 010 001-7 13 Larson, Tidrow 15), Compbell (7), W.Hernandez (11) and Mareland: Condelaria. D. Robinson 16). Grille 179, Scurry 171, Tekutw 191. Romo 1111 and Peno, W.—Romo, 1-1. L.— W.Hernandez, 0-1, HRS—Chicago, Wills (2)

Montreal 100 200 201—4 4 New York 100 002 200—3 7 Gu'llickson, Reardon (7) and Carter; Falcone Lynch 17), Orasco 10) and Steams, W—Rearden 1-0. L—Orasco, 0-1. HRs—Montreal. Cromaril (2), Oliver 13).

Mahler, McWilliams (5), Bedrosian (6), Camp
19) and Banedici: Ryan, D.Smith 161, LoCaes (7)
and Ashby, W.— McWilliams, 2-0, L.— LoCaes (7)
Philodelphio 220 000 000—2 6 0
51, Louis 201 000 000—3 11 1
Krutkow, Monge 15), Lyia (7) and B.Diaz:
Forsch, Suffer 16) and Parter, W.—Forsch, 2-0,
L.—Krutkow, 1-1,
Los Angeles 100 000 000—3 0 3
Sm Diego 380 002 36x—8 10 0
Reuss, A.Pena 16), Forster (7) and Yeoger:
Curlis, Childer (8) and Gwosta, W.—Curlis, 1-0,
L.—Reuss, 0-1
Cincinnot 000 010 000—3 1 3
San Piego.

Cancinati Bay un un un un con-Son Francisco 112 820 00x—4 9 Soto, Leibrand: 15), Price 17) and O'Berry Gale and May, W—Cole, 1-0, L—Soto, 0-2. HR-

Gedmon, W—Leaf, 2-0, L—Eckerstey, 1-1, 7 exps, 100 paints, 100 pai

New York

Narris, B.AcLoughlin 181. Owcidniko 10) and Newmont, F.Bannisler and Ession, W-F.Bannisler, 3-0, L-Norris, 9-2, HR-Seattle, Cowbins 122.

Colifornia 100 000 001 2-4 7 3 D. Jackson, Corbett (a) and Wynegar; Kison, Asse (iii and Boone, W-Asse, 1-1, L-Corbett, 0-1, HR-Colifornia, DeCinces (3).

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Wine as you like it



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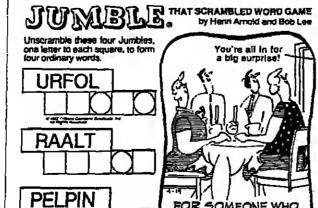




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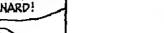
FOR SOMEONE WHO PLANS TO MAKE A SPLASH IN THE KITCHEN, CINNEA

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Now arrange the circled letters to form the surprise answer, as Suggested by the above carbon. Print answer here: (Answers tomorrow)

Jumbles: AFIRE KNACK MAGNET IMPEDE Answer: What kind of a look might you get from a sharp-sighted person?—A PIERCING ONE

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BOOKS.

FLIGHT OF THE FALCON By Wilbur Smith. 545 pp. \$15.95. Doubleday & Co., Garden City, New York 11530. Reviewed by James Idema

THIS sprawling adventure oovel is set in the time when Victoria's plunderers, seeking gold, ivory and other treasure, carried the Unioo Jack into the interior of the Dark Contioeol. En route they crossed paths with American and Arab slavers who were plying their trade along the coast. Rich in the tore of that period and place and instructive on the mores place, and instructive on the mores and attitudes that prevailed, the book is also great fun to read. The English are, one of them proclaims, "the greatest and most civilized people in the world's history" and not to be compared with "these bloodthirsty savages." Nor is there much good to be said for the American opportunists who are havening to make their forwho are hastening to make their for-tunes before Abraham Lincoln can take office and spoil their iniquitous game. But it's hardly an antislavery tract; there is villainy oo the English side as well, and enough bloodiness to

### Rollicking Entertainment

What it is is rollicking entertainment, and if you approach the book too critically you may find that "Flight of the Falcon" will require a little adjustment before you get your sea legs. Let the first sentence be a tip-off: "A frice crowched low on the borisea legs. Let the first sentence be a tipoff: "Africa crouched low on the borizon, like a lion in amhush." A nice
enough picture, but nicer had the editor deleted "low." Redundancies
abound, but you get used to them, realizing that they supply rhythm and
tone, if oot necessarily meaning and
precision, to the grandiloquent style
of Wilbur Smith. And quite frequently, after weathering torrents of adjectives and adverbs, you will break out
into redeeming passages that are poetic and precise. This, for example, describing an exotic phenomenon at the scribing an exotic phenomenon at the mouth of the Zambezi River:

"The muddy smell of the swamps carries far from the land when the wind is right, and the same wind carries strange insects with it. There is a
tiny spider oo higger than the head of
a wax vesta which lives in the papyrus
hanks of the delta. It spins a gossamer
weh oo which it launches itself into the breeze in such oumbers that gos-samer fills the sky in clouds, like the

Solution to Friday's Puzzle



own — the charge of a wounded lion, the killing of an aged elephant, a fire at sea, a battle in the jungle, a knife fight between redoubtable adversar-

smoke from a raging brush fire, rising many hundreds of feet and eddying and swirting in misty columns that are touched by the sunset into lovely shades of pink and mauve."

His action scenes, however, are

where the author's style comes into its ies, a furious tropical storm. Just about the time you feel you have ab-sorbed one metaphor too many, you realize that this is what a tropical storm -a wild exaggeration of nature must be like: rain coming in "culting horizontal sheets like the blade of a harvester's knife," and dawn finding the survivors "still buddled from the streams of falling rain, under the swollen bruised sky that pressed down on them like the belly of a pregnant

This book is quite impossible to dis-like, as is most of its dauntless cast. The author runs into some credibility problems rendering the character of his heroine, however. Robyn Ballan-tyne is a young English physician who is returning to Africa, the land of her birth, to search for her long-lost mis-sionary father and to bring God's word to the heathen tribes along the way. While her brother, Zouga, who accompanies her (although his goals are wealth and fame), and the others behave according to the traits asbehave according to the traits as-cribed to them, Robyn must wrestle with an overdose of conflicting obsessions. The most troublesome — for both ber and the reader — are Christian devoutness and profane lust. She is given to flinging herself into prayer, but she's a pushover for male beauty.

### Impossible to Dislike

If, accustomed to contemporary, existential-type heroes, you find your self shaking your head over the derring-do of Mungo St. John, Zouga Ballantyne and the brash, blue-eyed Christian warrior Clinton Codrington, you probably will be cheering them on by the oext page or so. And if, partial to leaner literary fare, you occasionally cluck over the hrawny prose that swells the story to more than 500 pages, relax and enjoy. You've enpages, relax and enjoy. You've en-tered the kingdom of popular fiction and are best advised to suspend disbelief at the gate.

"Flight of the Falcoo" is Wilbur Smith's 15th novel. Most of the others are also set in Africa, where he has lived and worked all his life. He is currently a resident of Constantia; South Africa. An obvious master of the popular genre, he brings authority and historical accuracy to his scenes as he delivers a fast-moving and enjoyable book.

James Idema is a free-lance writer in Chicago. He wrote this review for The

### RIDGE

THREE spades was a popular contract for North-South on the diagramed deal and the declarers were nerally unsuccessful. Very few realized that they could have brought home nine tricks.

A typical auction is shown, with West making two takeout doubles. East and West would fail by two tricks in three clubs, for a loss of 200 points, but it was oatural for South to continue to three spades. One West player earned himself a top score hy the cunning lead of the spade five, inducing South to finesse in diamonds and then spades for down two. But most West players led the cluh ace followed by the jack, which was allowed to win.

South ruffed the third round of clubs and led a heart to the queen. In the light of the bidding, which marked

NORTH **♦**— ♥K62 WEST EAST AV18 ♥87 SOUTH V 10 ♦KJ3

By Alan Truscott West with all the missing high card strength, South could and should have run his trumps, unblocking the 10 from the dummy. After four trump leads, the position would be this:

NORTH ◆ 1043 ∇KQ82 ◆ 105 **♣**Q962 ♥AJ93 ♦9874 ♣K 1053 50UTH (D) 

487 Bidding:

Dbl. Dbl. Pass West led the club ace. On the lead of the last trump, West is helpless and cannot make more than his two aces. If he lets go the

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diamond queen, a diamond lead from South will settle the issue. If he throws a heart, he will still have to give the declarer tricks in one suit or the other wheo a heart is led.

HOUSTON - Third baseman Bob Horner hit a two-run double in the first inning here Saturday to help the Atlanta Braves defeat the Astros. 2-1, and tie the National League record for consecutive victories at the start of a baseball sea-

The triumph was the 10th straight for the Braves, who were

### **BASEBALL ROUNDUP** seeking to break the National League mark (held: by the 1955 Brooklyn Dodgers and 1962 Pitts-burgh Pirates) and tie the major league record Sunday in the series

final here. The Oakland A's won a

record II straight games at the start of last season: Glenn Hubbard singled and Dale Murphy walked with one out in the Atlanta first, and both scored when Horner doubled into the left field corner off Joe Niekro

After stranding nine runners in the first four innings, Houston fi-nally scored in the fifth. Terry. Puhl drew a base on balls from Bob Walk, the Brave starter, and came home on Phil Garner's hitand-rin double to left.

Cardinals 6, Phillies 0

In St. Louis, Joaquin Anduiar pitched a three-hitter and George lead the Cardinals to a 6-0 victory over Philadelphia. he Tigers past New York, 5-3

Mets 2, Expos 1 In New York, Mookie Wilson scored the first run and drove in the tic-breaker with an eighth-inning sacrifice fly as the Mets beat Montreal, 2-1.

Cubs 10, Pirates 2 In Pittsburgh, Larry Bowa drove

in three runs, and Bill Buckner and Leon Durham batted in two each to pace an 18-hit, 10-2 Chicago rout, of the Pirates.

Reds 8, Giants 2

In San Francisco, Bruce Berenyi and Tom Hume combined on a four-hitter and Paul Householder hit his second homer of the season to enable Cincinnati to defeat the Giants, 8-2, and snap a six-game Josing streak

Padres 4, Dodgers 3

In San Diego, Terry Kennedy's two-run double in the first and Eric Show's four innings of shut-out relief carried the Padres to e 4-3 victory over Los Angeles. Royals 12, Indians 10

In the American League, in Cleveland, the Indians and Kansas City combined for 35 hits as the Royals prevailed, 12-10.

Tigers 5, Yankees 3 In Detroit, Enos Cabell drove in Hendrick drove in a pair of runs to three runs with a homer and a dou-

Tommy John (0-2) started for the Yankees and gave up Cabell's second home run in as many games.

Red Sox 5, Blue Jays 4

in Boston, Glenn Hoffman capped a live run first with a towering three-run bomer that enabling the Red Sox to beat Toronto, 5-4, and snap a four-game los-ing streak. Carl Yastrzemski tripled in the fifth to become the seventh player in history to reach 5,200 total bases. Rangers 5, Brewers 3

In Milwaukee, Lamar Johnson's

wo-run homer and the combined six-hit pitching of Frank Tanana (I-1) and Steve Comer lifted Texas over the Brewers, 5-3. Angels 6, Twins 2 In Anaheim, Calif., Brian Downing hit a pair of home runs, and Rod Carew delivered a two-

> White Sox 10, Orioles 6 White Sox 3, Orioles 1

run single to power California past Minnesota, 6-2, before a cap-night

crowd of 61,640, the largest base-

ball crowd in Anaheim Stadium

In Chicago, Jim Morrison hit a home run leading off the eighth to break a 6-6 tie and give Chicago a 10-6 victory over Baltimore and a sweep of their home-opening dou-



**Bob Horner** 

bleheader. In the first game, Greg Luzinski's two-run bomer and the combined four-hit pitching of Britt Burns and Salome Barojas belped the White Sox to a 3-I victory. Chicago has won its first seven games while Baltimore has lost five

A's 10. Mariners 3

In Scattle, Dwayne Murphy, Jim Spencer and Dave Lopes hit home runs in a 14-hit attack as Oakland beat the Mariners, 10-3.

divisional winners. But, interestingly, not one of those 13 teams

has been able to win a world title.

April trademark. The Dodgers, for

instance, always seem to tip their

hand when they're going to have a great year. In 1974, '77, '78 and '81, Los Angeles ended April with

the best record in the National

League - and those were the last

four seasons the Dodgers ended up

The Importance of Being April, we

should note that eight times the

club that led its division on May

1st ended the season behind the

As has been said for more than a

century, anything can happen in a

ong season. But, contrary to pop-

ular wisdom, that's not the way to

New York Times Service

Pete Rozelle of the National Foot-

ball League. As worms to gaping

fish, Rozelle dangles possible new franchises and Super Bowl games

to representatives and senators to

hook them in the muddy waters of

In particular, Rozelle is trying to

entice Sen. Howard H. Baker, the

Tennessee Republican, with a franchise for Memphis, and Dem-

ocratie Sen. Dennis DeConcini of

Arizona, who is up for re-election

next year, with a team for Phoenix.

Capitol Hill,

club in last place on that date.

Lest we get carried away with

in the World Series.

A few teams even have a kind of

# Bruins Widen Lead; Other Series Tied

BOSTON — Barry Pederson scored twice in a three-goal second period and Rick Middleton added goal and three assists to power the Boston Bruins to an 8-4 rout of the Quebec Nordiques and a 2-0 lead in their best-of-seven Stanley Cup quarterfinal playoff series here Friday night.

The three other quarterfinals, meanwhile, stood ded at a game apiece, as the New York Islanders blew past the New York Rangers. 7-2, the St. Louis Blues downed the Chicago Black Hawks, 3-1, and the Los Angeles Kings nipped the Vancouver Canucks in overtime, 3-Third games in all four series were scheduled for Sunday night. The first period here ended at 2-

all but, beginning with Pederson's goal at 0:37 of the second, Boston took charge. Middleton, who also set up Pederson's second goal, fed the rookie center in the slot and his quick shot beat goalie John Gar-rett, who started for a fatigued Dan Bouchard.

Tom Fergus, who had missed 23 games with strained knee ligaments, made it 4-2 on a hreakaway 45-footer over Garrett's left shoulder at 5:36. Eight minutes later Middleton sent Pederson away on a 1-on-1 against Andre Dupont; Pederson went to his backhand and beat Garrett from 20 feet. Pederson has 24 points in his last

Bruce Crowder and Terry O'Reilly scored early in the third period, upping the count to 7-2, and Crowder tallied again with nine seconds to play after Marian Stastny and Michel Goulet had produced goals for the losers.

Quebec, which had won three of four games in Boston Garden dur-ing the regular season, took a 1-0 lead 29 seconds into the game on a rebound by Wilf Paiement. Keith Crowder and Middleton made it 2-1 Boston, but Mario Marois tied the game at 16:24 on a slapshot from the point

Rookie goalie Mike Moffat, now 7-1 in post-season competition, continued his solid play for the Bruins, turning aside 27 shots.

In Uniordale, N.Y., Duane Sutter scored two goals and Denis Potvin contributed a goal and two assists, enabling the Stanley Cup champion Islanders to square their series with the Rangers.

Bryan Trottier had a goal and two assists and Anders Kallur assisted on three scores as the Nassua Coliseum crowd chanted, "1940, 1940," a sarcastic reference to the last time the Rangers won

the Islanders' six previous playoff games this season, put a 50-foot power-play shot past goalie Steve Weeks at 5:34 of the first period for the game's first goal, Billy Carroll's short-handed goal and a tally by Duane Sutter made it 3-0 by pe-

riod's end. The Rangers killed two penalties to open the second period, but allowed a crushing goal four seconds after the second penalty expired.

### NHL PLAYOFFS

Brent Sutter, benched for most of the opening game, picked up a loose puck and fed his brother Duane for a 20-foot breakaway shot and a 4-0 lead at 10:21. Mike Bossy's goal made it 5-0 at 13:05. Robbie Ftorek spoiled Billy

Smith Smith's shutout bid with 2:28 left in the period on a power play. Trottier and Mike McEwen scored third-period goals for the winners; the Rangers' Mikko Leinonen closed out the scoring with 2:19 to play.

In St. Louis, goals by Beruie Federko, Wayne Babych and Joe Mullen and shutout goaltending by Mike Liut over the last two pe-

riods carried the Blues to their victory over the Black Hawks.

The Blues were forced to come from behind after Tom Lysiak scored a power-play goal 4:26 into the game. But Federko, the Blues' leading scorer during the regular season, tied the score at 9:10 on a 15-footer that eluded goalie Touy Esposito.

St. Louis took the lead for good at 1:58 of the second period when Jorgen Pettersson found Babych with a centering pass from behind the net and Babych tipped the puck past Esposito. Mullen got the insurance goal with 4:03 left in the

In Vancouver, British Columbia, rookie Steve Bozek scored at 4:33 of overtime to lift the Kings past the Canucks. The loss was Vancouver's first in five playoff con-tests: Roger Neilson, who took over as coach after Harry Neale was suspended, suffered his first setback in 10 games.

Bozek deflected his winner off a shot from the point by defenseman Rick Chartraw after the Canucks had failed to clear the puck. The

goal came on the Kings' fourth

After the Canucks had been outshot in the early stages of the opening period. Vancouver de-fenseman Colin Campbell defuly set up Darcy Rota for the game's first goal at 6:10. Campbell carried the puck from his own end and laid a one-banded pass onto the stick of Rota, who fired a 25-foot wrist shot past goalie Mario Lessard's glove side.

Los Angeles wing Dave Taylor tied the game at 0:50 of the second period, taking a pass at the Van-couver blue line and letting go a 40-footer that richocheted off goalie Richard Brodeur's glove and into the net.

The Kings took a short-lived lead at 10:02 when Marcel Dionne gathered in a pass from Larry Murphy just inside the Vancouver zone, swing around the lone de-fender and fired a low 30-fonter past the sprawling Brodeur.

The Canucks tied the game, 2-2, just over a minute later when Rota, after racing the length of the ice with an Ivan Hlinka feed, relayed a perfect pass to Stan Smyl at the top of the crease. Smyl easily upped the puck past Lessard.



Thanks to a shove from Ed Kea (who drew a two-minute penalty), Black Hawk wing Grant Mulvey pprooted the St. Louis goal Friday night. Goalie Mike Liut, meanwhile, kept his eye on the puck.

# Fast Starts: Wire-to-Wire or Only April Cruel?

By Thomas Boswell

Washington Post Service
WASINGTON — Outside the Atlanta Braves' offices is a new electronic message board. On Friday, the first missive went up: How do you like us so far?" The chesty question still applied Satur-

Inside the home of the Braves, there's jubilation over Atlanta's 10-0 start this baseball season. Owner Ted Turner, the self-proclaimed Mouth of the South, pre-dicted a National League West pennant before the year began, even though his club had been in second division for eight straight years. Now, word has it, he's threatening to have ring measurements taken for the whole or-

Since only one team in this century has begun its season with a streak longer than the Braves, the ancient baseball poser is appropriate: How important is April? Traditionally, there's been no answer. For instance, look at the disparate results achieved by the

four modern teams that started seasons as hot as Atlanta has. The Of the 104 teams since 1969 that spectacular collapses. Since 1975, 62 Pittsburgh Pirates and '66 were last or next-to-last in their disconsist champs. But 11 others a row yet finished their seasons rates (who were dead last) won the poorly, in fourth and fifth places world Series. Only one other such respectively — Cleveland barely club has even reached the Series — What finally, does happen to the hot team of April, the club that '55 Brooklyn Dodgers won 10 off only three other April laggards the bat and became world champi- have won their divisions, the '73 ons.

A's, '74 Pirates and '77 Phillies.

Semanticist

Just last season, Oakland set an

record hurdler Renaldo Nebemiah

has given up what he once called his "ultimate goal" — the Olympic Games — and signed a four-year,

Walsh said at the announ

on San Francisco 49ers.

April, try to evade the whole business by quibbling over semantics have been merely a fluke in '81.

"What constitutes a start? Is it a 

As a corollary, teams that win

week? A month?" Now, however, a hint of an answer appears after some drab re- the end of April. search in the archives. If the history of four-division play, inaugurated in 1969, is an accurate indication, a major league team's play in

April is far more important than generally has been thought. The lesson of the past 13 seasons seems to be: Beauty's only skin deep, but ugly goes right to the bone. While a fast, pretty start is a considerable belp, an ugly April is almost always an insur-mountable burden. Win 'em all if you can, in other words, but for heaven's sake don't lose 'em all.

from studying the history of April · Any team that finishes April in last, or even next-to-last, place has less than a five percent chance of winning its divisional flag and perhaps only about a one percent

chance of winning the World Se-

Several telling statistics emerge

: A preponderance of the worst April clubs really are the game's bad teams. Of those 104 teams, 77

The A's were just 46-42 thereafter, and get off the standings' bottom and then were swept in the two rungs, such perconnal contenders such as Cincinnati, Philadel-toast of April is wor

their divisions almost invariably are in no worse than third place at

Of the 52 divisional winners, 23 ended April in the lead, 13 were second and eight were third. Fortyfour of the 52 started May securely in the top half of their divisions; only five were in fifth or sixth. That's why clubs such as Kansas

City and Montreal are well-positioned now, even though they aren't ahead. It's unquestionably a signifi-cant edge to end April with a lead, even if it's tiny. Of the 52 May 1st divisional leaders, 23 (44 percent) went on to win, while seven were

second and eight were third. So those first-place folks in Chicago (7-0), St. Louis (8-3) and, of course, Atlanta, have plenty to whoop about if their clubs are still playing well at the end of the

But it should be noted that in the last seven years, teams with April leads have also had some

respectively — Cleveland barely club has even reached the Series — the hot team of April, the cinb that managing a 81-81 mark. But the '75 Boston Red Sox, in all, attracts the lightning rod of national attention? That is a touchier proposition.

No April, no matter how bot, seems to be a guarantee of anything. For instance, in 1978 Oakland started 16-5 but finished in all-time record by opening with 11 finished fourth or lower. sixth place. And in 1973, San victories. Yet the 18-3 April mark was the high point of its season. get in gear in the next two weeks month but finished in third, 11

All in all, though, being the toast of April is worth the effort: Some managers, such as Baltiphia, Flouston and Baltimore have Of the 13 teams since 1969 to have more's Earl Weaver, whose Orioles a lot of precedent against them. It the best opening month in all of have a horrible recent history in also may indicate that the Red baseball, seven have finished as

the Stanley Cup.
Potvin, held without a point in What we will see in baseball by the end of this first paltry month will be, in more cases than not, what we will be getting in October.

Rozelle, an Old Pro, Signals for a Congressional Trade-Off

leans and Super Bowl games for the city.

cal opposition, they annexed the antitrust exemption to a Johnson administration anti-inflation bill. which was expected to pass Congress easily.

An hour or so before the House was scheduled to take up the measure, Boggs left the floor to tidy up the deal with Rozelle.

'Great, Hale'

The conversation was related by an associate of Boggs to Daniel Rapoport and reported in The Los Angeles Times.

"Well. Pete, it looks good." "Great, Hale, that's great."
"Just for the record, Pete, I asome we can say the franchise for

New Orleans is firm." "Well, it looks good, of course, Hale, but you know it still has to be approved by the owners. I can't make any promises on my own."

Boggs stared at Rozelle, "Well, Pete," he said, "why don't you just go back and check with the own-ers. I'll hold things up here until

you get back."
After a moment, Rozelle apparently reconsidered his authority in regard to the owners, and said,
"That's all right. You can count on
their approval."

Within an bour, the bill was
passed. Three weeks later, New
Orleans received an NFL

franchise, beating out several other cities that, apparently, did not have the clout New Orleans did.

### Soviet Rally Beats Czech Skaters, 5-3 The Associated Press

TAMPERE, Finland - The unbeaten Soviet Union rallied from a two-goal deficit Sunday to defeat Czechoslovakia, 5-3, for its third victory in the World Hockey Championships. West Germany beat Italy, 5-2; Finland downed the United States, 4-2. Canada and Sweden played a 3-3 tie. Victor Shahmov started the So-

viet scoring at 12:39 of the first period. Jindrich Kokrment replied 1:22 later, and goals by Jiri Lala and Jaroslav Pouzar gave the Czechs a 3-1 lead by 2:47 of the second period. But Sergei Babinov tallied on a power play at 5:05 and Alexander Kozhevnikov tied it, 3-3, at 9:41.

The winners' Igor Larionov tipped in a shot by Aleksei Kasatonov at 3:40 of the final period and Sergei Shepelev scored the final goal from in close at 5:18.

in 1966, when the merger was announced, the players association was in a weak, embryonic stage. Because the antitrust exemption was attached to a popular bill, there was, with a few exceptions, little opposition on Capitol Hill.

The National Football League Players Association is much stronger now and is aligned with the AFL-CIO in vigorously fight-ing the Professional Sports Bill of 1982. It is striving for, among other things, a share of the owners gross proceeds, which with the television money runs into billions

of dollars. The bill also has a highly unusual retroactive clause that would give the league a power no other industry possesses. It would ren-der void the victories in the courts over the NFL, which, among others, includes the recent ruling in favor of the North American Soccer League. That decision struck down the NFL's rule that there can be no cross-ownership to another

sport of a league owner. This means that rich men interested in sports and willing to invest don't have to choose between a pro football team and another sports franchise. The court's decision is a general benefit to sports fans, for these men could belp stabilize financially shaky franchises and leagues.

The sports bill doesn't prohibit a new league from starting up, not formally. But the unparalleled grant of immunity might prevent the establishment of a competitive

That reduces the opportunity for more football jobs, greater di-rect fan participation and whatever financial and spiritual bene-fits a community having a pro football franchise enjoys.

If Herschel Walker, in another instance, decided to leave the Uni-

versity of Georgia as an under-

graduate to try to play pro fontball in America, he could not test in court the league's rule that no indi-**U.S. Gymnasts** 

## **Defeat Russians** The Associated Press

GAINESVILLE, Fla. - Mitch Gaylord and Phil Cahoy scored 9.90s on the horizontal bar Saturday night as the United States national team edged the Soviet Union for the first time ever in a dual gymnastics meet

Gaylord, the meet's top individual performer, scored 58.45 points in six events; Russians Sergey Gribkov and Dmitry Belozerchev had respective scores of 58.40 and 58.35 to finish second and third.

The United States held a 242,60-242.40 lead going into the horizotal bar event. Belozerchev, Gribkov and teammate Radik Gabitov all scored 9.85s, but the performances by Cahoy and Gaylord and a 9.85 by Tim Daggett pushed the Americans ahead, 291.85course in the courts.

A few years ago, a fan named Angelo Coniglio went to court to Buffalo to prevent the Bills from forcing anyone who wanted season tickets also to huy a package of exhibition tickets. He asserted that the quality of the exhibition games was inferior. Although Coniglio did not win, the proposed bill would not allow fans who felt unjustly treated, as be did, even to take their case to court.

Rozelle complains that "in professional sports, literally every action, every business judgment and every decision of a league is now subject to attack under the antitrust laws."

But, as a recent editorial in Business Week pointed ont, "Rozelle may be amazed to learn that every other business faces exactly that same situaton every day, and that is precisely the point of the anti-trust laws."



**Pete Rozelle** But all were're saying is . . .

# **Poll Shows Player Support** For Possible Strike in NFL

NEW YORK — There is strong support for a strike among the 758 National Football League players who responded to a poll that sought their opinions on the position of their union in contract ne-

gotiations with the league. The telephone poll was conducted by The New York Times, to whom the phone numbers of 1,558 players were given by the NFL Management Council, the owners' hargaining unit.
The existence of the poll became

public last week, when the NFL Players Association filed an unfair labor practice complaint with the National Labor Relations Board against the council and the newspaper.
The union is seeking a departure

from previous team sport contracts by demanding that a percentage of the gross earned by the NFL be set aside for allocation by the union. The union figure most often given is 55 percent, and player salaries would be paid from that fund. Su far, the idea bas been rejected by the owners.

According to the union plan, all players, regardless of position, would receive a fixed salary based on years of service. Additional salary could come in the form of performance bonuses or from playoff

Using the 55-percent figure, the union would pay every five-year veteran a base salary of \$140,000. That would represent a substantial increase compared to the average 1980 salary of \$87,840. Ten-year players would receive \$300,000 compared to the 1980 average of

According to the poll, 48 percent of the players interviewed replied affirmatively to the question: If the vote were beld today, would you vote for a strike over the percentage-of-the-gross issue or would you vote against the strike?" Sixteen percent said they would vote against a strike and 36 percent said they did not know or had no answer.

Fifty-six percent of those who either said they would vote against a strike or had no answer said they would support a strike. Thus, 77 percent of those polled said they would either vote for a strike or support one. Ed Garvey, executive director of the union, has asserted that a poll

conducted by the union indicated that 92 percent of the players support the percentage-of-the-gross concept and that 95 percent were willing to strike over it. Thirty-two percent of the play-

ers who responded to the newspaper poll said they attended the union's convention last month in Albuquerque, N.M., at which the union claimed near unanimity in player support for its negotiating

### **Backing for Garvey**

Further, 53 percent of the respondents said they approved of the way Garvey has been conducting the negotiations; 17 percent said they disapproved and 30 percent had no answer or did not

Garvey contended last Tuesday that The Times poll amounted to an invasion of privacy. He said that the newspaper and the league's management council, the owners' bargaining arm, acted in consort. The Times denied the allegation.

saying the poll was conducted independently and that the council only provided the phone numbers and had no input into the way the poll was conducted or what ques-

York 11530.

a raging brush facing the misty columns; the surset into the and manye n scenes, however thor's style comes a charge of a wounder f an aged elephan the in the jungle at in redoubtable and stropical story ne you feet you been metaphor too many this is what a too ild exaggeration of the ike; rain coming the control of the control ike: rain coming in all sheers like the bla Ansie. and dawnfur sail huddled from falling rain, under ed sky that pressed; the belly of 3 m.

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is quite impossiblek ost of its daugiles; ms into some one dering the charge however. Robin E ig English phistopic o Africa, the lands ch for her long-king or and to bring to heather tribes along the brother. Zong, her taithough the her taithough bay d fame), and the ding to the train.

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than five years ago. But 49er. Coach Bill Walsh believes he can groom the versatile speedster into a wide receiver and kick returner. in the leaf ment late Friday. "He canght every type pass thrown when him he worked out, and he has the instinc-, jumori ke in the last tive moves of a football player." The only man ever to run the onds (1293), Nehemiah will be the NFL's fastest runner. The 49ers

> pound Nehemiah will be able to take pro football's punishment. He has a guaranteed one-year contract; if he makes the grade, a series of three one-year contracts will come into effect. No Regrets
> Nehemiah said he has oo regrets about leaving track and no longer attaches as much importance to the Olympics as he once did. "I would have won the Olympics [in 1980]," he said. "I still understand the Olympic concept and still sup-

port it. But I'm not going to value my career and my ability on one "One race is not my utopia. Every race I run is my Olympic Games. I had to be the best every time I ran. I'm satisfied. I've ful-

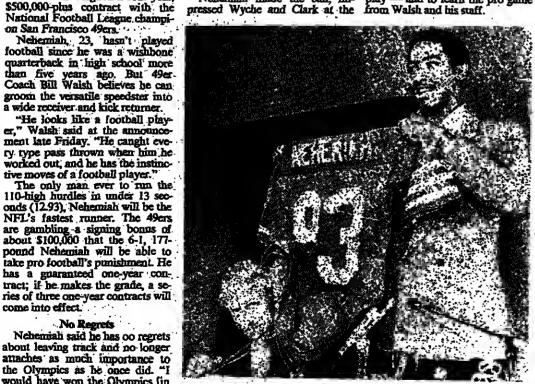
filled my dreams." Nehemiah said he chose San Francisco, rather than another NFL team, because he felt appreciated by the 49ers. "Coach Walsh, especially teammates... were admirers of mine, thrilled with what I had ac-

complished [in track]. They had a

lot of respect for me. I just felt 1 At a television competition in February, he told 49er receiver Dwight Clark he was getting "bored" with track, was thinking about trying out for football. "I

Track Star Nehemiah Signs 4-Year 49er Pact

SAN FRANCISCO — World said last week. "I told him that if around the league with tryouts for second intriller Renaldo Nehemiah has given up what he once called coach] Sam Wyche. I gave him the seven other teams. He received seven other teams. He received seven other teams a need change to the best terms, a good chance to Nehrmiah made the call, implay—and to learn the programe pressed Wyche and Clark at the from Walsh and his staff.



At a press conference to announce the signing, Coach Bill Walsh played hide-and-peek with the jersey displayed by the latest 49er.

Transactions BASEBALL National League
SAN DIEGO—Walved Rick We FOOTBALL National Football League DENVER-Signed Stave Gortz, Punter, and Notice Poole, running back.

NEW ORLEANS-Signed Respie Lewis, delensive-end; Marcus Guinn, and Gerald Means, delensive backs; and Al Penn-White. TULSA running back.
ST. LOUIS—Staned Calvin Favron

FRANCISCO-Signed Renotes wide receiver, to a four-year HOCKEY National Hacker League.
ST. LOUIS—Recalled Bob Strais, societed from Aliwoukee of the International Hock Soutt Ste. Marie ((unjocs). SOCCER.

FORT LAUDERDALE- Purchased the JACKSONVILLE-Signed Dovid

COLLEGE ARIZONA—Named Ricky Byrdsong & contriboli coach, FAIRMONT ST,-Named Dave Cooper FORT LEWIS-Named Gary Bo

MCNCESE STATE-Named Jim Droutt head

nomen's backerball coach. ST. BONAVENTURE—Hamed Jkm C'Brien

HARVARD-Nomed Fronk Hosser

United Press International

Alone at 210 was Ron Streck,

who had a 68, while Tom Kite was at 211 following the best round of the tournament, a 65. David Graham and Fuzzy Zoeller, both with 70s, were at 212.

and virtually eliminating free agen- And New Orleans, which has nev- vidual can play in the NFL unless cy—they had to get a federal anti-trust exemption.

er won a championship in the he or his college class has graduat-league, has been the host for five ed. Deprived of a right to earn a

NEW YORK - "Dangling" is trust exemption. Rozelle, primarily using the in-fluential offices of Sen. Russell Long and Rep. Hale Boggs, Democrats of Louisiana, dangled an NFL expansioo team in New Or-

Shrewdly circumventing politi-

Other "possible" expansion sites, he says, include Indianapolis, Birmingham, Jacksonville and Los Angeles.

"You can call it dangling if you wish," Rozelle said recently. "but all we're saying is that as soon as the sports bill is passed, we'll ap-

point an expansion committee to give us two more teams for a total Rozelle is anxious that the Professional Sports Bill of 1982, drafted by the league's lawyers, be passed. The bill would give the league exemption from antitrust laws, from legal suits by those who wish to challenge its policies and allow it a total monopoly on professional football in America -

greater embrace of the industry than it has now, which is substan-According to The Memphis Commercial Appeal last Jan. 22, John Parish, press secretary to Gov. Lamar Alexander of Tennessee, said he believed that Baker's "clout" as Senate majority leader could play a major role in the ex-

pansion picture.
"I think we're in a posture of Rozelle saying there'll be expansion when they get their antitrust exemption," he said, "and Baker saying there'll be antitrust exemp tion when Memphis gets a team." That is exactly the strategy Rozelle employed so effectively in

1966 to have Congress approve a merger of the NFL and the American Fontball League.

The two leagues had been in a bitter war for players, paying large bonuses to graduating college seniors and mutually raiding veteran players. For the two leagues to merge — thereby wiping out com-petition by sharing a college draft

### **Wadkins' Birdie Binge** Produces 2-Shot Lead

RANCHO LA COSTA, Calif. — Lanny Wadkins birdied five of the first six holes on the back nine Saturday en route to a 4-under-par 68, a 207 total and a two-stroke lead over Tom Watson after the third round of the Tournament of Champions golf event. Wadkins began the round two strokes behind Watson, the leader at the midway point with a 137 total.

> **More Sports** On Page 17

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Prov

Class Distinctions

By William Safire NEW YORK — "First-class" is in. Richard Dudley of Guilford, Conn., writes: "All of a sudden, world-class runners, entertainers (supersuperstats? L chefs, auto racers ad nauseam. Where do we go from here?" And from Norman Hoffman of Yonkers, N.Y.: "Even

in today's 'Market Place' column in The New York Times - Clorox is a world-class household products manufacturer. I sav!"

Early on, it started as a Britishism (and have you nouced that 'trendy'' isn't

trendy anymore?). The earliest citation that Sol Steinmetz can dig out of the Clarence L. Barnhari files is this soccer item from The Sunday Times of London of April 14. 1963. from a sports column by Brian Granville: "But Charlton and Greaves are world-class players and, for a match like this, both musi siav."

Safire

"Since soccer players participate in international competitions for the World Cup, ruminates lexicographer Steinmetz, "top-seeded players were viewed as more than first-class; they were worldclass. The term proved to be very useful for describing the topdrawer athletes or superstars of international competitions."

The key is "competitor for an international prize," whether it be the Olympics or cless tournaments. I would approve its extended use to international competition where the prize is fame or fortune. but would frown on its extension to a synonym for "international." as in "a world-class household products manufacturer.

This points up the "honeymoon effect" of superlatives, A boney, or full, moon, begins to wane as soon as it appears; similarly (in what is known to first-class writers as a "labored simile") "world-class" be-gan 10 lose its international-prize eminence as soon as it hit the top. Superlative bounds quickly ap-plied it to bleaches being shipped

World-class has done to firstclass what superstar has done to star. Who wants to go to a lousy first-class match or see a mere

star? The language always needs a word one rank higher, and as soon as we get it, we start dragging it down. (So he's a superstar - but is he a world-class superstar?)

Language

ESTEE LAUDER, the cosmetics firm, advertises its "Almond Clay Pack" with this copy: "The clarifying facial that facilitates sluffing from within." Another mask, it is claimed, "sluffs, softens. smooths.

A registered nurse, Frances Ewen of New York, wants to know what's with this sluff stuff: "The correct word is slough, pro-nounced 'sluf,' " writes Ewen. She takes her definition - "to separate from the living tissue" - from Stedman's Medical Dictionary, and adds: "There is no such word as 'sluff.' "

June Leaman, senior vice president of creative marketing at Estée dent of creative marketing at Estee Lauder, responds by pointing to the two spellings, slough and sluff, given in Webster's New Collegiate Dictionary. "Since 'slough' bas two meanings and pronunciations as well as two spellings, we chose 'sluff." It telegraphs phonetically the word we wanted as it relates to the start to senarate dead tissue from skin: to separate dead tissue from living tissue, to become shed or

Interesting word, slough Spelled that way and rhyming with "cow," it means a swamp or bog; in "Pilgrim's Progress," Christian fell into the Slough of Despond, which undoubtedly caused little worry lines to form on his face Spelled that way and pronounced 'sluff," it is the skin a snake sheds each year; by metaphoric exten-sion, 'to sluff off' means to shake off or shed any unwanted covering

For many years, the language bas been trying to separate the snakeskin meaning from the bog meaning by means of a spelling change: from "slough" to "sluff" when it is pronounced "sluff" and has to do with the shedding of

dead skin. Since I roughed up Mrs. Lauder's company for her uncluous treatment of "cream" - ritzily spelled "creme" — let me toss a smooth, soft salute to her copywriters for their intelligent use of "sluff." The word and its spelling are correct; I just wish I could get rid of the word-picture of all those

women snaking out of their skins. New York Times Service

# Reading, Writing and Polar Bears

By Andrew Malcolm

New York Times Service

RESOLUTE Northwest Territories — From time to time during the school year here. recess is canceled due to polar bears. The huge, powerful ani-mals occasionally wander around town, attracted by the smells of food, dogs and people and by the sight of other creatures also trying to scratch out an existence on the barren tundra of Canada's nombern arctic countryside.

Dealing with polar-bear alerts is one of the many adjustments that Mike Pembroke, the princinal, and his wife. Eileen, a teacher, have bad to make during 15 vears of teaching in the arctic. Until recently, formal schooling has not been a requisite for survival in Eskimo, or Inuit, communities. "We came up here for a year to earn money for a new house," said Pembroke, who came from Nova Scotia, "and we've stayed year after year ever

Only in the le 25 years has Canada shipped social services such as education into its vast northern region, which has a population of only 63,000. The Canadian government began its mission by assigning natives of the Northwest Territories a num-ber instead of a name. They then berded the family hands into formal communities where free housing and medical and educational services were offered. It is generally accepted that bealth

care has improved. But the imposition of a mod-ern social system apparently has corroded the traditional Inuit family structure. Once, skills such as sted-making hunting and the huilding of igloos were passed from father to son; now the school sees to it that these

lessons are learned.
There are three full-time teachers for the 53 children registered in the Qarmartalik School. (In the Inuit language, Qarmatalik means 'place of ruins,' a reference to an old nearby camp.) The Pembrokes and Kathleen Purchase each teach two or three grades for the 190 days of school that are required each year by the territorial government. Because traditions and bunting seasons vary hy community, each town may schedule those days as desired. For Resolute (population 170), the school year begins in autumn, which arrives here in late August, and ends with the

GARMARTALIK SCHOOL Proc person



Students at Qarmartalik school in northern Canada.

coming of spring, at the end of

May.

The school day is organized much as anywhere else in North America: arithmetic, writing. spelling, reading, social studies and geography, all taught in Eng-lish. As elsewhere, the recess period is the favorite time for many

of the pupils. But a tone reigns here that in-dicates a different culture at work. Most everyone wears a parka to school. In class, there is considerable repetition of math, grammar and spelling lessons, and few abstract discussions. "Dick and Jane romping through fields mean nothing up here,

says Mrs. Purchase. In some communities, students begin their education in English without knowing a word of the language. In some primary grades now, there is daily instruction in Inuktitut, the Inuit language, Mary Kalluk and Seeana Pitseolak, two local assistants who carry their own babies in papooselike hoods, teach Inuit vo-

Members of an increasingly assertive Inuit community hope that eventually there will be enough teachers to bave all 12,000 territorial students taught completely in Innktitut. Until then, they must rely on the Cana-

cabulary, clothes-making and

dians hired on contracts. A start-ing leacher with a bachelor's degree is paid \$25,748, plus a \$3,000 isolation allowance. "It's a good life, especially to start." said the 27-year-old Mrs. Purchase, "It's informal and you're free of all that educational bu-There are, however, a number

of adjustments to make. For in-stance, the Inuits seemingly do not believe in schedules. So half the pupils are late, like Jeannie Amagoalik, who wandered into school the other day more than an hour after the 9 a.m. start. Some pupils may have been up most or all of the nights playing. since it is an Inuit habit to sleep

only when tired and eat only when hungry. There is no written Ituit litera-

ture to speak of. And with many common reference points absent in the arctic (mention of McDonald's bamburgers, for instance, draws only blank stares), Mrs. Purchase uses television as a discussion tool. "What did Jack do in Three's Company last night? Why was it funny? Would you do that?"

Mention of things such as the circus also draws bewildering

"You've always got to be ready to pick up on anything these kids light on," says Mrs. Purchase. Thus, the eye-doctor's visit led to a science lesson on convex and concave lenses. To promote physical firmess and to combat smoking — some Inuits begin to smoke at age 8 — Mrs. Purchase has an exercise period.

Each morning in class there is free soup, a popular event since many students do not eat breakfast. Afterward, the students clean their teeth with brushes that a government dentist distributes on his semiannual visits.

Recently, Pembroke and his class of seniors took a field trip. They flew 100 miles north for a tour (and a swim in the pool) of the new Polaris lead-zinc mine. where officials held out the prospect of future jobs for those staying in school.

Traumatic Separation

However, to attend high school now, students must board at distant regional schools, a traumatic separation for members of the close Inini families.
"The north is changing so much so fast," said Pembroke, "If there's no work for those who go on to finish school, there will be a lot of trouble with discontented, bored teen-agers."

To discuss such problems and student grades, Pembroke set up a series of parent-teacher nights at the school. Three people came - the teachers. So every few weeks each teacher, accompanied by a translator, visits every home to deliver a verbal report card. Tea and bread is usually served. "They don't seem to care much about the grades," Pembroke says, "but they are very interest-ed in their child's behavior. And there is a marked improvement for a couple of weeks after every

**Letter From Munich** Closing Arguments

By John Domberg

ional Herald Tribion MUNICH — The red-robed justices of the West German supreme court handed down an

epochal decision recently.

Barbershops and hairdressing salons that choose to close for business Saturday afternoons will henceforth be permitted to open on Monday mornings. The court ruled that it could see no violation of constitutional principle in staying open either Saturday afternoon or Monday morning, as long as barbers and hairdressers do not do

The "barbershop ruling" adds a nuance to the Ladenschlussgesetz—the Store Closing Law. The Ladenschlussgesetz, in force more than a quarter of a century, stipulates that every supermarket, de-partment store, dry goods empori-um, laundry, automobile repair garage and every other kind of shop, all over West Germany, must close at 6:30 p.m. every weekday and 2 p.m. each Saturday (except the first Saturday of the month when they are allowed to stay open until 6 p.m.). Nor is any merchant per-mitted to open before 7 a.m. Notable exceptions are certain

types of retail outlets in railway stations and airports, though these are legally permitted to eater only to travelers with valid train and plane tickets, and the aforesaid tonsorial and coiffeuring salons which before the ruling, were allowed to do business Salurday afternoons but were required to re-main closed until 1 p.m. Mondays.

Never on Sundays

Needless to say, it is also "neve on Sundays" or on any of the 13 holidays West Germans celebrate

It is almost impossible to buy a loaf of hread, a quart of milk, a can of beans or anything else after 6:30 p.m. Long holiday weekends tend to become nightmares of advance planning and fighting among shoppers stocking up for the duration.

Since most places, especially in residential sections, also close voluntarily for two to three hours at lunchtime, husinesses tend to be shu1 precisely when customers have time to shop.

The avowed purpose of the law is to guarantee capitalist fair play and fair competition." Many West Germans regard it as inane, Critics point to it as a major cause of stress in harried

working mothers, as an obstacle to comparative price shopping, and as a source of high profits for businessmen. Understandably, the retail merchants association and the retail clerks union are all for it.

Every attempt to repeal or modify the law has failed. Those with long memories may recall the case of one Horst Hoff. mann, an enterprising grocer in Haan, near Dusseldorf, who, a number of years ago told his bedroom community customers he would sell them a pint of milk or a pound of butter if they came to his

shop even as late as 8 or 9 p.m. Hoffmann became a cause celebre when the weight of the law came down upon him in the form of injunctions, fines of \$8,000, and two cops posted in front of his shop to make sure he obeyed.

More influential personages than Hoffmann have tried it too: For example, Stuttgart Lord May. or Mantred Rommel.

Six years ago, as a much heralded experiment in urban renewal, he allowed the 30 retail establishments in a subterranean shopping mall adjacent to the main railway station to stay open on weekends and as late as 10 p.m. on week-

Stuttgarters leved it. Two streetlevel merchants, who regarded it as unfair competition, did not. They challenged the ruling in court as a violation of the federal Laden. schlussgesetz. Last month their suit was upheld by West Germany's high administrative affairs court. The city of Stuttgart has indicated it will appeal, like the barbers did. to the supreme court in Karlsruhe.

There is more, of course, to the Ladenschlussgesetz than meets the eye. As Hoffmann the grocer put it back in the 1970s, "Germany is the laughing stock of the world for this insane law. It makes us look like a police state."

Consider, for example, the Rasenmäherlärmschutzverordnung, that is, the Lawn Mower Noise Protective Ordinance, which makes it illegal to mow one's lawn between 7 p.m. and 7 a.m. or at any time on Sundays and holidays.

There is also a Tomaten-schutzverordnung — the Ordinance to Protect Tomatoes — which for hids squeezing same to see if they are ripe before buying them. Under the circumstances, is it

surprising that the supreme court's "barbershop ruling" is being hailed by some as a breakthrough

HOLIDAYS & TRAVEL

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SUN LINE

HOTELS RESTAURANTS NIGHT CLUBS

SWITZERLAND

Lausanne-5witzerland

HOTEL CARLTON

PAGE 17

FOR MORE

**CLASSIFIEDS** 

nything else is a comp

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